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PREFACE

THIS work is primarily a compilation of all rules and regulations promulgated under the Food Control Law enacted August 10, 1917, entitled "An Act to Provide Further for the National Security and Defense by Encouraging the Production, Conserving the Supply and Controlling the Distribution of Food Products and Fuel." Substantially all businesses which have to do with the manufacture, storage and distribution, including buying and selling of food commodities, are controlled in their operation by this law.

The object of this publication is to meet the demand for a definite, classified manual containing all regulations, rules and legal interpretations affecting businesses under this law. If this volume will result in a better understanding of this great law and the regulations, it will have accomplished the publishers' purpose.

It is the patriotic duty of every American citizen to co-operate in every respect with the Food Administration, which has accomplished remarkable results. Each person affected by these rules should observe faithfully all their requirements. By so doing he is assisting the Government in the successful prosecution of the war.

Commerce Clearing House Bulletin Service will keep all licensees promptly informed of any changes from time to time in the within rules.

August 23, 1918.

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CHAPTER I

INTRODUCTORY

Origin of the Law.

The Food Control Law is a war measure. It is, without question, one of the most important, far-reaching statutes ever enacted by Congress, affecting, as it does, every citizen in this country and most of those in Europe. The President has stated that "This bill is one of the most important and most imperatively necessary of the measures which have been proposed in connection with the war." War creates its own necessities proportioned to the circumstances. The great national necessity which demanded immediate legislative action was shortage in the world's food supply. A sufficient and regular supply of food is an absolute necessity for the maintenance of our own armies and that of our fighting allies for the successful prosecution of this war for liberty. Abnormal conditions, arising out of the war have made nugatory those commercial and economic forces which ordinarily control the flow of commerce and the consequent prices of food products. Both the Food and Fuel situation had grown so acute that action of some kind by the Federal Government was imperative.

The principle and the entire system of food control legislation is practically new to this country and in some respects contrary to its principles of government. During normal conditions legislation affecting the control of food supplies has been rare.

Food Control in European Counties.

Practically all European countries had control of the distribution and consumption of food commodities at the time of the proposed legislation in this country. Laws have been generally enacted in practically all countries prohibiting the export of food and materials suitable in any respect for war supplies. These rules and regulations which have been enacted from time to time by the European countries, have necessarily become more drastic as the war continues.

Germany.

Germany has requisitioned food, fixed prices and even rationed the supply. Their plan has been to delegate wide and

practically unlimited authority to administrative departments. This was done at the very beginning of the war. Today the entire power of control, production, distribution and consumption of all food commodities in Germany is vested in administrative bodies. The food problem in Germany as well as in Austria was, of course, different from that of other countries inasmuch as these countries were cut off from their chief sources of supply. At the very beginning of the war they fixed prices of foods. As early as February, 1915, the government took over practically all of the grain and flour supply which were rationed out to various localities in proportion to their population. A food dictator has practically direct control of all food commodities in that country at the present time. These commodities are taken by the government from the producers and allotted to the consumer through a system of ticket distribution.

Austria-Hungary.

In Austria-Hungary conditions are, of course, very similar to those in Germany and their system of regulation, etc., has been not substantially dissimilar to the present system in Germany.

Great Britain.

Great Britain has placed this control in the hands of one man who is known as the Food Controller. As early as August, 1914, legislation was passed providing:

> "If the Board of Trade are of the opinion that any foodstuff is being unreasonably withheld from the market, they may, if so authorized by His Majesty's proclamation (made generally or as respects any particular kind of foodstuffs) and in manner provided by the proclamation, take possession of any supplies of foodstuffs to which the proclamation relates, paying to the owners of these supplies such prices as may in default of decrement be decided to be reasonable, having regard to all the circumstances of the case by the arbitration of a judge of the higher court selected by the Lord and Chief Justice of England."

Soon after the outbreak of the war the exportation of food products was prohibited. From time to time conditions have made necessary the enactment of more drastic laws and the adoption of more strict regulations thereunder regarding the supply and prices of foods of all kinds. The Food Controller has been granted very broad powers, particularly with respect to the requisitioning and price-fixing of food commodities. He is empowered to make orders controlling the distribution, storage, manufacture, production, transportation, purchase and sale, con-

sumption and use of almost any article of food. He is, strictly speaking, a food dictator. His authority being on a parity with that of the Admiralty or Ministry of War.

France.

In France food control is in the hands of a committee. At an early date maximum prices were established by food authorities in Paris and other cities. Like the other countries, exportation of food commodities was prohibited. Legislation was enacted and regulations passed thereunder to stimulate the production of food commodities of all kinds.

In 1916 a law was enacted authorizing the Government to fix the maximum prices for a number of commodities. Later a ministry of food supplies was created and regulations more and more strict have been passed from time to time by the ministry of foods. They also have the system of rationing certain commodities by cards, as exists in many of the other countries of Europe.

Italy.

The food control in Italy is in the hands of a committee. This country was also among the first to take steps to conserve the food supply and regulate prices thereof. There was legislation also prohibiting the exportation of food commodities. As early as 1916 a decree authorized the ministers of agriculture and of the interior power to fix the maximum prices for all necessities. Subsequent legislation has been of such broad and far-reaching effect that practically all food commodities are under the supervision and control of the committee.

Food Control in Neutral European Countries.

All belligerent nations and practically all of the neutral European countries have food control in some form or another. The countries of Holland, Denmark, Norway, Sweden, Switzerland, Spain, Portugal, Egypt and South Africa have passed drastic measures regulating the distribution, production, manufacture, purchase and sale, etc., of food commodities and other war necessities.

It has generally been found that the most satisfactory manner of handling this situation was through administrative bodies to whom very broad powers have been delegated by legislative bodies.

Object of the Food Survey Law and Food Control Law; Scope of the Law.

On August 8, 1917, Congress passed the Food Control Bill

entitled "An Act to Provide for the National Security and Defense by Encouraging the Production, Conserving the Supply and Controlling the Distribution of Food Products and Fuel." On August 10th the bill was signed by President Wilson. The bill was introduced in the House on June 11, 1917, by Congressman Lever, Chairman of the House Agricultural Committee. on August 10, 1917, President Wilson also approved the Food Survey Law, passed by Congress, which is entitled "An Act to Provide Further for the National Security and Defense by Stimulating Agriculture and Facilitating the Distribution of Agricultural Products." This law authorizes the Secretary of Agriculture to investigate in detail the actual food situation in the country and to employ various means for increasing food production, such as furnishing seed, demonstrations and educational work. The work under this law does not come under the immediate control of the Food Administration, but is a matter, of course, in which the Food Administration is vitally interested.

The Food Survey Law, requiring a survey of the national food resources, aids in the execution of the Food Control Law, which law gives the Government absolute control of the food of the country and its distribution. Pursuant to the power contained in the Food Survey Law, the Chief of the Bureau of Markets of the United States Department of Agriculture has been authorized and instructed as an agent of the Secretary of Agriculture to take such steps as may be necessary to obtain authoritative information regarding the matters authorized therein.

The Food Control Act does not give the Food Administrator any specific authority to stimulate production. This is the scope of the law referred to above, as the Food Survey Law. The agency under which it carries out its object is the Department of Agriculture. Bills are now pending in Congress, amending the Food Control Law. There is a bill now in Congress, known as H. R. 9971. The title of the bill says it is an act to "Provide further for the National Security and Common Defense by Conservation of Food Stuffs, Feeds and Materials necessary for the production, manufacture and preservation of food stuffs and feeds." This bill is intended to be supplemental to the Food Control Act of August 10, 1917, and has apparently for its purpose a greater effectiveness in the methods of the conservation and equitable distribution of food stuffs and feeds. Under the Food Control Law the President is not empowered to enforce economy in the consumption of foods and feeds. This bill empowers the President to bring about the maximum conservation of food by methods specifically set out in the terms of the bill itself.

Mr. Hoover, in his statement before the Senate Agriculture Committee, said:

> "Our conception of the problem in the United States is that we should assemble the voluntary effort of the people, of the men who represent the great trades; that we should in effect undertake with their co-operation the regulation of the distributing machinery of the country in such a manner that we may restore its functions as nearly as may be to a pre-war basis, and thus eliminate so far as may be the evils and failures which have sprung up. And at the same time we propose to mobilize the spirit of self-denial and self-sacrifice in this country in order that we may reduce our national waste and our national expenditure.
>
> "If democracy is worth anything, we can do these things by co-operation, by stimulation, by self-sacrifice, by the patriotic mobilization of the brains of this country. If it can not be done in this manner, it is better that we accept German domination and confess the failure of our political ideals, acquiesce in the superiority of the German conception and send for the Germans to instruct us in its use. At the same time, while we may rest with assurance upon the volunteer support which we shall receive and which we are receiving from hundreds of trades throughout the country, there is no population so perfect, so filled with idealism, that there is not some residue who will refuse to co-operate and thereby nullify every endeavor of the majority. Therefore, it is necessary to have considerable powers for the regulation of trade in order that we may give support to those patriotic men who are willing to bend their energies to the national necessity and force the minority to follow their leadership."

Congressman Lever, Chairman of the House Agriculture Committee, in introducing the Food Control Bill, stated as follows, concerning its intent:

> "It aims to facilitate and clear the channels of distribution, to prevent hoarding; to prevent wilful destruction of necessaries in order to enhance the price or to restrict the supply thereof; to eliminate injurious speculation; to regulate exchanges and boards of trade in order to prohibit undue fluctuation of prices, unjust market manipulation, or unfair or misleading market quotations; to reduce waste, including power to regulate or completely to prohibit the use of cereals in the manufacture of alcoholic beverages, and to stimulate production by securing the farmer a reasonable

profit guaranteed by the Government and a free and open market for his products, unrestricted by manipulation and uncontrolled by gambling operations."

President Wilson stated that the objects sought to be served by this law were:

"Full inquiry into the existing available stocks of food-stuffs and into the costs and practices of the various food producing and distributing trades; the prevention of all unwarranted hoarding of every kind and of the control of food-stuffs by persons who are not in any legitimate sense producers, dealers, or traders; the requisitioning when necessary for the public use of food supplies and of the equipment necessary for handling them properly; the licensing of wholesome and legitimate mixtures and milling percentages, and the prohibition of the unnecessary or wasteful use of foods.

"Authority is asked also to establish prices, but not in order to limit the profits of the farmers, but only to guarantee to them when necessary a minimum price which will insure them a profit where they are asked to attempt new crops and to secure the consumer against extortion by breaking up corners and attempts at speculation, when they occur, by fixing temporarily a reasonable price at which middlemen must sell."

He has also stated that "the object of the measure is not to control the food of the country, but to release it from the control of speculators and other persons who will seek to make inordinate profits out of it and to protect the people from the extortions which would result."

Creation of the Food Administration; Appointment of Food Administrator.

President Wilson, on the same day he signed the Food Control Bill, appointed Mr. Herbert Hoover to be head of the Food Administration, with the title of Food Administrator. The Food Administrator has been given the task of administering the food control provisions of the law. The Food Administration is nowhere specifically mentioned in the Act. The authority, however, of the President for enlisting the aid of the Food Administrator, is found in Section 2 of the law, which provides that the President is authorized to enter into any voluntary arrangements or agreements, to create, and use any agency or agencies and to accept the services of any person without compensation. The task of the Food Administrator has been called "building

the food machine.'' For the accomplishment of this task the Food Administration has relied largely on the patriotic co-operation of the American people.

There is a great difference between the manner in which an imperial government, such as Germany, has regulated and controlled the food supply as distinguished from that of a democratic form of government, as illustrated by the policy of the United States. In one case there have been drastic decrees prescribing the amount of food which its subjects may purchase and consume, requiring them to secure tickets from the government in order that they may get the food they require. The law in this country does not confer food dictatorship—on the other hand, the basis of its power lies in the patriotic co-operation of the American people.

CHAPTER II

LICENSES

Authority of the President of the United States to License Necessaries.

The Food Control Law provides for the establishment of Government control of certain necessaries during the war with the view of preventing scarcity, monopolization, hoarding, injurious speculation, manipulation, and private controls affecting the supply, distribution, and movement of such necessaries.

The President is authorized under Section 5 of the Law to license the importation, manufacture, storage, mining, or distribution of any necessaries and to make such regulations as would be essential effectively to carry out the provisions of the Law. This licensing provision of the law is limted in operation to those trades or channels of trades which lie between the farmer and the retailer, with the exception that it does extend to retailers doing an annual business of more than $100,000.

Who Is Required to Secure a License.

The President, pursuant to the powers conferred upon him by Section 5 of the Act, has from time to time issued proclamations requiring different classes of food manufacturers and handlers to take out licenses. He has, also, issued proclamations requiring importers, manufacturers, storers, or distributors of fertilizers, feeding stuffs, and farm implements, and operators of stockyards and commission men, to secure a license. Under these proclamations, licenses are required for the following persons: (These proclamations are continued on page 221 and pages following.)

(A) All persons, firms, corporations and associations engaged in the business of operating a cold storage warehouse (a cold storage warehouse being defined as any place artificially or mechanically cooled to or below a temperature 45 per cent above zero Fahrenheit in which food commodities are placed and held for thirty (30) days or more).

Lessee.

NOTE.—A person renting a room or rooms in a cold-storage warehouse is subject to license as a cold storage warehouseman if the lessor has no control over the goods stored therein.

Foreclosing Lien.

A cold storage warehouseman is not required to have a wholesaler's or jobber's license to sell stored goods in order to protect a loan that is secured by a lien on said goods.

Combined, Public and Private.

A cold storage warehouseman who classifies himself as a combined public and private cold storage warehouseman and obtains a license as such, thereby becoming entitled to own commodities that are stored in his warehouse, must also be licensed as a dealer if he deals in any commodities that are licensed commodities, and must observe the rules and regulations governing dealers.

(B) All persons, firms, corporations and associations engaged in the business of importing, manufacturing or distributing wheat flour or rye flour, barley flour, oatmeal or rolled oats, corn grits, cornmeal, hominy, corn flour, starch from corn, corn syrup or glucose, corn oil, dried beans, rice flour, pea seed or dried peas; cotton seed oil, or peanut oil, or peanuts, copra, soya bean meal, soya bean oil, palm oil, copra oil, palm kernel, palm kernel oil, oleomargarine, lard, lard substitutes, oleo oil or cooking fats, milk, butter or cheese, condensed, evaporated or powdered milk, fresh, canned or cured beef, pork or mutton, poultry or eggs (fresh, frozen or cold storage), fresh or frozen fish, fresh fruits or vegetables (including Irish or sweet potatoes, lemons, oranges, berries), canned tomatoes, canned corn, canned peas, canned dried beans, salmon or sardines, canned tuna, dried prunes, apples, peaches or raisins (excluding dried black grapes and currants), sugar, syrups or molasses (excluding beverage or medicinal syrups and rock candy).

NOTE.—The commodities above specified as Fresh, canned or cured beef, pork or mutton, include veal, lamb, ham, canned corn beef, chipped beef, dried beef, sliced bacon, whether in containers or not. They do not include the *distribution* of beef juice, bologna, canned chile meat, corn beef hash, deviled ham, luncheon tongue, mince meat, potted meats, sausage, scrapple, tripe and veal loaf.

Distribution of Tomato Products.

The distribution of catsup, chili sauce, tomato soup and like tomato products is not subject to a license.

(C) All persons, firms, corporations and associations engaged in the business of importing, storing, distributing or manufacturing (including milling, mixing or packing) any of the following commodities: Wheat, rye, corn, oats, barley, beans, rice, cotton seed, cotton seed cake, cotton seed meal, peanut meal, malt.

(NOTE.—Those dealing in any of the commodities mentioned in Section "B" or Section "C" on an exchange or board of trade or similar institution as defined by Section 13 of the Act

of August 10, 1917, are not subject to license to the extent of their dealings on such exchange or board of trade.)

(D) All persons, firms, corporations and associations engaged in the business of importing, storing, distributing or manufacturing cotton seed hulls.

(E) All persons, firms, corporations and associations engaged in the business of:

(a) Importing, storing, distributing or manufacturing (including mixing and processing of all kinds) any commercial mixed feeds (including dairy feeds, horse and mule feeds, stock feeds, hog feeds and poultry feeds).

(b) Manufacturing feeds from any of the following commodities or importing, storing or distributing any of the following commodities as feeds or feed ingredients: Buckwheat, kaffir, feterita, milo, broom corn, cane seed, baled alfalfa, malt sprouts, spelt, baled hay, dried yeast grains, emmer, millet, baled straw, animal or fish products or by-products, grain and seed screenings, lentils, linseed oil cake, linseed oil meal, tankage, dried brewers' grains, beans, peas, sunflower seed, dried distillers' grains.

(c) Importing, manufacturing, storing or distributing as feed any product or by-product of any of the following commodities: Shelled corn, ear corn, oats, barley, wheat, rye, velvet beans, buckwheat, sorghum grains, rice, grain and seed screenings, soya beans, peas, peanuts, copra, palm nut, palm kernel, sugar beets, sugar cane, hay, alfalfa, straw.

NOTE.—Cottonseed feed or cottonseed feed meal, which is a mixture of cottonseed hull brand and cottonseed meal, is a "commercial mixed feed," therefore a licensed commodity.

(F) All salt water fishermen, whether fishing independently or on shares, engaged at any period of the year in the commercial distribution, including catching and selling, of any and all varieties of salt water fish, including menhaden, and of shell fish and crustaceans.

(G) All persons, firms, corporations and associations engaged in the manufacture for sale of cake, biscuits, pastry or bread in any form or other bakery products, whose consumption of flour and meal in the aggregate is three barrels or more per month on an average throughout the year.

NOTE.—A *university, college* or *school* that is not conducted by the United States or by a state or political subdivision thereof, and which is not a charitable institution, is required to obtain a baking license if it operates a bakery that consumes the quantity of flour and meal above specified.

Foreign passenger and freight ships may obtain licenses.

Boarding houses using the quantity of flour and meal above specified are required to secure licenses, this is also true in the case of commercial and

industrial institutions serving meals to employes as for example lumber, mining and contracting companies.

Charitable Institutions, whether public or private, are not required to obtain a baking license inasmuch as they do not manufacture bakery products "for sale." A Young Men's Christian Association is not, however, a charitable institution.

(H) All persons, firms, corporations and associations engaged in the business of packing mild cured, hard cured, salted, dried, smoked, pickled or otherwise preserved salmon.

(I) All persons, firms, corporations and associations engaged in the business of manufacturing alimentary paste.

(J) All persons, firms, corporations and associations engaged in the business of manufacturing fermented beverages containing less than one-half of one per cent alcohol.

(K) All persons, firms, corporations and associations engaged in the business of importing or distributing green coffee.

NOTE.—The following classes were subjected to license:

Persons, etc., importing green coffee, whether or not they roast it before disposing of it.

Wholesalers, jobbers, roasters, and all others who buy or otherwise deal in green coffee, whether or not they roast it before disposing of it.

Retailers who buy or otherwise deal in green coffee, whether or not they roast it before disposing of it, whose total gross sales of all food or feed commodities exceed $100,000 a year.

In other words, all persons, firms, corporations and associations who import, and all others (except retailers whose gross sales of food or feed commodities do not exceed $100,000 a year), who buy or otherwise deal in or handle green coffee, are required to obtain a license.

(L) All persons, firms, corporations and associations engaged in the business of manufacturing tomato soup, tomato catsup or other tomato products.

NOTE.—See note under B supra as to distribution of catsups, etc.

(M) All persons, firms, corporations and associations engaged in the business of importing, manufacturing, storing and distributing fertilizers and fertilizer ingredients.

(N) All persons, firms, corporations and associations engaged in the business of importing, manufacturing, storing and distributing farm equipment, including attachment and repair parts thereof, required for farm use in the actual production of foods and feeds.

(O) All persons, firms, corporations and associations engaged in the business of operating stockyards and commission men operating in connection with stockyards are required to secure license on or before July 25, 1918.

SPECIAL EXCEPTIONS

The following persons, firms, corporations and associations are excepted from having licenses:

(1) Retailers doing a strictly retail business whose gross annual sales of all food commodities do not exceed $100,000 are not subject to license on their retail activities.

NOTE.—A retailer, i. e., a person whose business is selling food commodities to individual consumers, is not required to obtain a license in order to make sales to hotels, restaurants, boarding houses, hospitals, schools, and other large consumers of similar character, unless his total gross sales of food and feed commodities to both individual consumers and hotels, restaurants, etc., exceed $100,000 a year.

Vendors to Hotels, Restaurants, Hospitals, Etc.

Persons who are *exclusively* engaged in the business of selling licensed food commodities to hotels, restaurants, boarding houses, hospitals, schools and other large consumers are wholesalers and are required to be licensed as such, irrespective of the volume of business. An intermittent or occasional sale at retail to an individual customer would not be taken to mean that the dealer is not exclusively engaged in the wholesale business.

What Retailer May Disregard in Computing His Sales.

A retailer whose gross sales of all food commodities exceed $100,000 is subject to a license if he handles any one of the controlled commodities notwithstanding the fact that his total sales of licensed commodities may be less than $100,000 a year. In estimating his sales, he may disregard articles that are not food commodities, as, for example, wooden ware, matches, and kerosene.

Retailers Who Are Not Required to Secure License.

All retailers are subject to the various provisions of the Food Administration Law with the exception of those doing a business of $100,000 a year or less in food commodities are not required to be licensed. They must, however, observe all the provisions of the Law. The Food Control Act gives no regulatory powers with regard to retailers. There is an indirect control over these parties in that any licensed dealer is prohibited from dealing with any person who does violate the law or any of its regulations thereunder. Therefore, the source of supply of the retailer who violates the rules and regulations may be cut off by the enforcement of this provision in the law.

Retailers Who Buy Eggs and Poultry from Farmers.

There are many country storekeepers whose business is mostly retail selling, but who buy eggs and poultry from farmers. They are operators of poultry and egg packing plants in such case and they are required to secure a license although their retail business is not large enough to require a retailers license.

Peddlers.

Peddlers buying from wholesalers and selling to the retain trade in wholesale quantities are required to secure a license. This also applies to hucksters buying from the producer and selling to collectors of produce. The

wholesale meat peddlers are also included. They are not retailers and total amount of their sales of licensed food commodities is not determinative of the necessity to obtain a license.

Regulations of prices charged by retailer, see page 12.

(2) Common carriers as to the operations necessary to the business of common carriers.

NOTE.—A common carrier is not required to obtain a license in order to sell at wholesale or retail, spoiled, damaged, rejected, or unclaimed licensed food commodities that have come into the possession as an incident of its business as common carrier.

An express company that solicits shipments of food commodities and issues quotations for the information of sellers and buyers, but which does not deal in food commodities or receive any revenue from dealings in such commodities, its ordinary transportation charges being the only earnings it makes in handling such commodities, is not subject to license.

(3) Farmers, gardeners, co-operative associations of farmers or gardeners, including live stock farmers and other persons with respect to the products of any farms or gardens owned, leased or cultivated by them.

(4) Millers of corn, oats, barley or rice, operating plants with a daily capacity of less than 75 barrels.

(NOTE.—This exception does not apply to manufacturers, mixers or grinders of any kind of FEED mentioned above.)

(5) Canners of peas, dried beans, corn, tomatoes, salmon or sardines whose gross production does not exceed 500 cases per annum, except all home canners and bonafide boys and girls' canning clubs recognized by the Department of Agriculture of the several states in the United States.

(6) Manufacturers of maple syrup, maple sugar or maple compounds.

(7) Ginners, buyers, agents, dealers or other handlers of cotton seed who do not handle more than 20 tons of cotton seed between September 1 and August 31 in any given year.

NOTE.—Cotton seed that a person receives as rent or otherwise from a tenant must be included in determining whether such person is subject to license by reason of his dealing in or handling more than 20 tons of cotton-seed a year.

Ice.

The Law Department of the Food Administration has ruled that the manufacture and distribution of ice comes under the Food Control Act. The Food Administation is concerned that there shall be no profiteering on ice, and that the cost of ice to those elements of the community which are least able to protect themselves should not be increased over last year unless absolute proof can be given by the ice companies as to the necessity. Any

such increase in price will justify investigation as to whether it constitutes profiteering.

All ice dealers will be required to file with the Federal Food Administrator a schedule of increased prices before such increases are put into effect. Therefore, no increase to household consumers should be made by ice companies until after investigation.

The Food Administration has not as yet put under a license this class of business. No doubt if the ice industry should not comply with the spirit of the Food Administration, it would use its power to put the ice business under a license.

In general, ice manufacturers should be careful to see that their profits should not exceed pre-war profits. Those dealers who make short weight in deliveries will, of course, be sharply dealt with. The Food Administration has announced that by buying ice on the cash and carry plan at the platform, consumers should obtain at least 60 per cent more ice than for the same price delivered.

The Food Administration is making a careful survey of the ice situation in order that it may be in a position to meet any conditions which might arise.

Questionnaires have been sent to all ice producers with the view of enabling the Administration to acquire information which would put it in a position to be of assistance in the event of any sudden shortages in particular communities.

Commodities in Package or Bulk or Sold under Trade Names Included.

If a given commodity is named among the licensed articles in the proclamations, it is included within the licensing program whether in package or bulk or even though sold under a private brand, coined name, or proprietary trade mark; for example: All cooking fats, all oatmeal, and all rolled oats are included even though sold in packages under private brands.

All Sales Made After August 10, 1917, Subject to the Law and Regulations.

The statute is applicable to all sales made after the law was passed on August the 10th, 1917, and the regulations are applicable to all sales falling within the license program, notwithstanding the fact that the particular goods in question may have been purchased many weeks, months, or years before.

Policy of Administration in Granting Licenses.

The policy of the Administration, apparently, is not to interfere with the establishment of any new businesses or ventures, but to grant licenses to anyone applying for the same. These application forms to secure licenses may be obtained from the

Department of Food Administration, License Division, Washington, D. C. All forms are furnished and the licenses are issued without cost to the applicant. The licenses are not transferable. Under a recent rule, a licensee must secure and attach to the application which is forwarded to the Food Administration at Washington, D. C., a certificate signed by the Federal Food Administrator of the State in which the business is conducted or is intended to be conducted.

Penalties for Doing Business Without a License When One Is Required Dealing With Persons Violating Food Control Act, Prohibited.

Section 5 of the Act provides that any person who, without a license, as prescribed by law or whose license has been revoked or suspended, shall knowingly engage in or carry on any business for which a license is required under the law shall be subject to a penalty of $5,000 fine or two years' imprisonment, or both. General Rules 17 and 22 promulgated by the President under this law provide that a licensee must not knowingly deal with persons violating the Food Control Law and that a licensee must not knowingly deal with any person who is required to have a license and who has not secured the same. Where the licensee did not knowingly deal with persons violating the Food Law or any of the regulations issued thereunder and did not knowingly deal with anyone who is required to have a license and who had not secured same or whose license has been revoked or suspended and, if there was no reasonable cause to believe that such a party was in any way violating the law, there would be no violation of the law. However, where any doubt whatever exists, it is believed advisable to secure a written statement from the party with whom you are dealing or contemplating dealing to the effect that such party is not required by law to secure a license. You cannot, of course, shut your eyes to the facts and, notwithstanding such a statement, if you subsequently discover any information which indicates that any person is required to secure a license, your written statement from the person with whom you are dealing will not absolve you from a possible violation of the law.

The Local Food Administrator.

The Food Administration is loath to reverse or interfere with the decision of the local administrator imposing any penalty for violation of any of the rules or regulations. This is necessarily so. In the first place, the local administrator is in a position to acquaint himself fully with all the facts and circumstances surrounding the case. His information is first hand. Then, again, the proper enforcement of these rules and regulations must be largely left to the discretion of the local representative of the

administration if any attempt is to be made to carry out effectively the enforcement of all the provisions of the law and regulations thereunder. The Food Administration announced on June 11th that more than 800 penalties for violations of rules and regulations covering licensed dealers in foodstuffs have been imposed during the past ten months; that about 150 companies and individuals have been ordered to quit business in licensed commodities for a limited or unlimited period, and over 500 have voluntarily made a money payment, usually to the Red Cross, or have temporarily abstained from doing business rather than risk calling down more drastic penalties upon their heads. The Food Administration has no authority under the law to impose any fine. Its authority under the law is limited to a revocation or suspension of the license. All contributions, which are usually to the Red Cross, have been purely voluntary on the part of the payors. These payments, of course, are made at the suggestion of the Food Administration and are accepted in place of more drastic formal penalties.

Procedure of Licensee Upon Violation of Regulations.

The procedure which a licensee should follow upon notice of any violation of the rules or regulations of the Food Administration is to present his case fully to the local administrator having jurisdiction. If there has been an error or mistake or the facts have not been clearly and accurately presented to the local administrator, this should be done without delay by the alleged violator. If he has any defense, he should see to it that it is properly put before this local administrator, for, as stated above, when it is once referred to Washington, D. C., the head office would, undoubtedly, be loath to reverse a decision of a local administrator. After the revocation or suspension of a license, the licensee has the right, under the supervision of the Food Administrator, to wind up his business in dealing in licensed commodities. He, of course, would have no right to engage in new business and would lay himself open to prosecution if he did so. It is probable that in most cases a licensee, where his license should be revoked, would desire to apply for a new license or a re-issue of the old license. In such case, he should see that all of his transactions are strictly in accordance with the approval and order of the Food Administration. He should act with due diligence in the closing out or handling of his stock after a revocation of his license. After this takes place, he should act strictly under the order of the local Food Administrator in disposing of the food commodities on hand and performing his old contracts.

Agencies of the Government to Carry Out Its Licensing Program and the Enforcement of the Rules and Regulations.

Section 2 of the law authorizes the President to enter into any arrangements or agreements to create and use any agency, to accept the service of any person, without compensation, and to co-operate with any agency or department of the Government in carrying out the purposes of this law. Under this section of the law, the Food Administration was created and Mr. Herbert Hoover was appointed as head of this Administration. The Government has appointed in each State a Federal Food Administrator to whom appropriate authority has been delegated by the Food Administrator at Washington for the enforcement of the laws and regulations and performance of such other services in this connection as may be deemed proper and necessary. There are, also, county, municipal, township and city food administrators. These various administrators, particularly the county food administrator, have been delegated as full authority as possible. Practically all activities connected with food being centralized in them.

In some cities ordinances have been passed regulating the sale of food commodities; for example, the City of Memphis, Tennessee, has passed an ordinance which requires that every person secure a license who is engaged in the business of selling, storing or offering for sale any article of food in that city. Such ordinances, if in contravention with the Food Control Law or any rule or regulation made thereunder, would, of course, be void.

EXPORTS

The rules and regulations do not apply to export sales, but they do include sales to persons within the United States even though the purchaser is an exporter, as, for example, an export commission house. The exporter is required to have a license and is governed by the rules and regulations in so far as his purchases are concerned. Contracts, of course, for the sale of commodities where the goods are to be delivered in a foreign country do not come within the purview of this statute or the rules or regulations thereunder. Persons within the United States who buy from or sell to persons in Porto Rico, the Philippines, or other possessions or territories of this country are governed by the rules and regulations.

In those cases where export licenses are necessary, application for them should be made to the War Trade Bureau.

PENALTIES

There are two methods by which the provisions of the Food Control Law may be enforced:

1. Institution of criminal proceedings; seizure of hoarded food commodities; requisitioning of supplies, or taking over any plant where the same is necessary for the National security or defense.
2. By administrative actions.

The latter has heretofore been the method most generally used. There have been but few criminal proceedings instituted under the law.

The Food Administration is an administrative body. The procedure it has adopted with reference to the accused is to give them an opportunity to be heard as to their guilt or innocence. After a hearing it is customary for the local administrator to summarize briefly in a report the facts and with his recommendations submit the same to the Enforcement Division at Washington, D. C. If a licensee is found guilty of the charge, his license may be revoked or suspended, or the Food Administration may accept some action by the violator in lieu of such revocation or suspension; as, for example, a contribution to the Red Cross.

In the case of non-licensees over whom the Administration has no direct control, the order is to licensees directing them to cease selling the non-licensees, either indefinitely or for a stipulated period. The granting of a license would, of course, be held up.

Householders who are found guilty of hoarding food (i. e., having a quantity in excess of reasonable requirements for use or consumption by themselves and dependents for a reasonable time, which is in violation of Section VI of the Food Control Law), or where substitutes have not been purchased with wheat flour, subject themselves to libel proceedings or even criminal proceedings.

In addition to the power of the Administration to revoke or suspend the license of any licensee, the following penalties are prescribed by the statute for a violation of the provisions of the Food Control Law:

Section 5 provides that any person who, without a license, as required by law, or whose license has been revoked, knowingly engages in, or carries on, any business for which a license is required, or who wilfully fails or refuses to discontinue any unjust, unreasonable discriminatory and unfair storage charge, commission or practice, in accordance with the requirements of an order or any regulations prescribed, shall, upon conviction,

be punished by fine not exceeding $5,000, or by imprisonment for not more two years, or both.

Section 6 provides that any person who wilfully hoards any necessaries is subject to a fine not exceeding $5,000, or imprisonment for not more than two years, or both.

Section 8 provides that any person who wilfully destroys any necessaries for the purpose of enhancing the price or restricting the supply is subject to a fine not exceeding $5,000, or imprisonment for not more than two years, or both.

Section 9 provides that any person who conspires, combines, agrees, or arranges with any other person to: (a) Limit the facilities for transporting, producing, manufacturing, supplying, storing or dealing in any necessaries; (b) to restrict the supply of any necessaries; (c) to restrict the distribution of any necessaries; (d) to prevent, limit or lessen the manufacture or production of any necessaries, in order to enhance the price thereof, shall, upon conviction, be fined not exceeding $10,000, or imprisonment for not more than two years, or both.

CHAPTER III

CONSTITUTIONALITY

Basis of the Law.

The power of Congress to pass the Food Control Law is to be found in the war clauses of the Constitution. The question of whether this statute can be justified as a constitutional measure in time of paece does not need consideration.

The constitutionality of this law depends upon the following clauses of the Constitution:

> Section 8, Article I—"The Congress shall have power * * *
>
> To declare war, grant letters of marque and reprisal, and make rules concerning captures on land and water;
>
> To raise and support armies, but no appropriation of money to that use shall be for a longer term than two years;
>
> To provide and maintain a navy;
>
> To make rules for the government and regulation of the land and naval forces;
>
> To provide for calling forth the militia to execute the laws of the Union, suppress insurrections, and repel invasions;
>
> To provide for organizing, arming, and disciplining the militia, and for governing such part of them as may be employed in the service of the United States, * * * and
>
> To make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the government of the United States, or in any department or officer thereof."

The Federal Government is one of enumerated powers. These powers, however, are not expressed in detail. It possesses not only those powers expressly given, but all those necessary and proper for the effective exercise of the powers enumerated. The scope of these implied powers of Congress is well expressed in McCulloch vs. Maryland, 4 Wheat., 316-421.

> "We admit, as all must admit, that the powers of the government are limited, and that its limits are not to be transcended. But we think the sound construction of the

constitution must allow to the national legislature that discretion, with respect to the means by which the powers it confers are to be carried into execution, which will enable that body to perform the high duties assigned to it, in the manner most beneficial to the people. Let the end be legitimate, let it be within the scope of the constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consist with the letter and spirit of the constitution, are constitutional.''

Scope of War Power.

In connection with the scope of the war power, the fact of the sovereignty of the Federal Government must not be lost sight of, and that so far at least as the war power is concerned, the United States has all the powers of a National Sovereignty. Mr. Justice Strong, in the Legal Tender Cases, 12 Wall 535, stated:

> ''They tend plainly to show that in the judgment of those who adopted the constitution there were powers created by it neither expressly specified nor deducible from any one specified power or ancillary to it alone, which grew out of the aggregate of power conferred upon the government or out of the sovereignty instituted.''

The limitation which the clause above referred to imposes, is that the laws shall first be necessary, and, second, that they shall be proper. Chief Justice Gray, in the Legal Tender Cases, 110 U. S. 440, stated:

> ''By the settled construction and the only reasonable interpretation of this clause the words 'necessary and proper' are not limited to such measures as are 'absolutely and indispensably necessary' without which the powers granted must fail of execution, because they include all appropriate means which are conducive or adapted to the end to be accomplished, and which in the judgment of Congress will most advantageously affect it.''

Congress is of necessity the exclusive judge of what is needed and proper when the means chosen conduce to the end and are not forbidden by the Constitution.

McCulloch vs. Maryland, 4 Wheat. 316-413.
Anderson vs. Dunn, 6 Wheat. 204.
Ex parte Curtis, 106 U. S. 371.

Congress has passed upon the question of the necessity of this legislation. The supply, conservation and distribution of all necessities are so vital to the success of this present war for liberty where it would seem that the very destiny of democracy is at

stake, that there can be no serious doubt arise in the mind of any person as to the necessity of this legislation. It would be superfluous to enter into any discussion of this.

The question whether the means chosen are appropriate for the accomplishment of a constitutional purpose and not forbidden by the spirit of the Constitution has been determined by Congress. The determination of this question by Congress, of course, is subject to review by the courts. The extent to which the Supreme Court has gone in holding statutes valid which were enacted by Congress pursuant to its express powers, is illustrated by the cases of

McCulloch vs. Maryland, supra;
Stewart vs. Kahn, 11 Wall. 493.

This law is a war measure. As was stated in the Legal Tender Cases, supra, Congress has passed this act as a necessity of war. Therefore, whether the power is an express or implied one, really makes no difference.

Limitations of the Constitution.

Those who seek to question the constitutionality of this statute will probably rely largely on the fourth and fifth amendment to the Constitution in that the act authorizes unreasonable searches and seizures and deprives a person of his property without due process of law; takes private property for public use without just compensation and compels a party to be a witness against himself.

The question may also arise as to whether this statute is unconstitutional, as being in violation of Article I, Section I of the Constitution, in that it takes legislative power away from Congress and vests it in the President. In this connection attention is called to the following cases where the courts have sustained the constitutionality of statutes involving taking property even under more drastic provisions than contained in this statute:

United States vs. American Tobacco Co., 221 U. S. 168;
Northern Securities Company vs. United States, 193 U. S. 197;
Dent vs. West Virginia, 129 U. S. 114;
L. & N. Railway Company vs. Mottley, 219 U. S. 467-482;
Knox vs. Lee, 12 Wall 457-551.

Section V of the Food Control Law authorizes the President to prescribe regulations for the auditing of accounts to be kept by licensees, submission of reports by them and entry and inspection by the President's duly authorized agents of the place of business of the licensees. This clause does not contain any immunity clause. However, this would be implied, and in the

event of criminal proceedings being instituted against any person for a wilful violation of this section, such person could claim the protection of that section of the Constitution against furnishing any evidence which might incriminate him.

Interstate Commerce Commission vs. Brimson, 154 U. S. 447-479;

Counselman vs. Hitchcock, 142 U. S. 547.

Upon the same line of reasoning, he could likewise claim the benefit of that part of Article V of the Constitution prohibiting unreasonable searches. The law does not authorize unreasonable searches and seizures.

This law declares that all business subject thereto are affected with a public interest, Congress has wide latitude in determining what is a public use. Dillon on Municipal Corporations, 4th Edition, page 600, says, in reference to this power:

> "When legislation has declared the use or purpose, its judgment will be respected by the courts unless the use be palpably without reasonable foundation."

This law prescribes what regulations the President may promulgate thereunder. It does not confer legislative power, but merely administrative powers. As was stated in the case of United States vs. Grimaud, 220 U. S. 506-518, that if the regulations are confined "within the field covered by the statute, they could adopt regulations of the nature they had thus been generally authorized to make in order to administer the law and carry the statute in effect."

That Congress may delegate to others powers which a legislature may rightfully exercise itself. See Wayman vs. Southard, 10 Wheat. 42; Red C Oil Manufacturing Company vs. Board of Agriculture, 222 U. S. 380.

Price Fixing; Power of Federal Government to Regulate Prices.

The Food Administration is no price-fixing body except with regard to certain commodities which are entirely dominated by existing abnormal conditions, as for example, wheat. The Food Administration has taken active steps to prevent profiteering and speculation by regulating the profits of the distributing trade to a normal pre-war basis.

Section 5 of the Food Control Law provides that the President may determine what "is a just, reasonable, non-discriminatory, fair storage charge, commission, profit, or practice." Under Section 25, the President is authorized to fix the price of coal and coke. Section 14 provides that the President may fix a guaranteed price for wheat.

The general regulations governing all licensees prohibit the

sale or other handling of food commodities on any unjust, exorbitant, unreasonable, discriminatory, or unfair commission, profit, or storage charge. The special regulations applicable to particular businesses limit in many cases the maximum margins of profit which the licensee is entitled to charge, the variation in the prices depending upon the nature of the services rendered.

Definite measures to limit retail prices have been announced by the Food Administration. It is, apparently, the intention of the Administration to carry this out through the medium of "fair price lists" which are to be published in every county, hamlet, town, and city in the country. The purpose of this is to protect the consumer from unreasonable price advances. In every community the Food Administration proposes to establish price interpreting committees, composed of representatives of the wholesalers, retailers, and consumers. This interpreting board will interpret the fair retail prices on the basic commodities that comprise a large part of the people's diet. The published lists which will appear in the local newspapers will give the range of maximum selling prices, showing a low price which should show charges that should rule in a "cash and carry" store and a high price representing the charge in "credit and delivery" stores. The Food Administration announces that consumers will be asked to report to their Food Administrator any retailer charging more than the announced prices. Investigation of these reports will give the Food Administration a basis upon which to work to separate the patriotic dealer from the profiteer. The Administration will exercise an indirect control over the retail stores by cutting off their supplies at the source, that is to say, instructing wholesale dealers under a license to sever business relations with those firms which exact more than a reasonable charge. It is understood that retail price reporters are being appointed in almost every county in the United States. They are expected to keep a close check upon charges made at the stores and to report those stores which do not sell according to the published "fair price lists." When an investigation shows that the dealer has charged excessive prices the administrator will grant him a hearing. If he is unable to show justification, he will be punished. Those retailers who are required to secure a license, namely, those who are doing a business in excess of $100,000 per year, will have their licenses summarily revoked or suspended. In the case of those dealers who are not required to secure a license, the indirect control over these will be exercised as mentioned above, namely: Their source of supply of food commodities will be cut off. The Government has also published in local papers from time to time prices which include not only retail range of prices, but also wholesale range of prices. These prices

are arrived at through interpreting boards as in the case above, upon which board there is a representative of the wholesale grocers. The prices quoted are fair, reasonable prices and a sale by a wholesaler at a price in excess of that quoted, without justification, would result in the suspension or revocation summarily of his license. The Food Administration usually in these "fair price lists" quotes maximum prices. It is, therefore, no violation to sell below these prices except where such prices are below cost for the purpose of increasing and promoting trade.

That the State has the power to regulate prices as an incident to its sovereignty would not admit of serious doubt. See Covington and L. Turnpike Road Co. vs. Sandford, 164 U. S. 578; Holting vs. Godard et al., 183 U. S. 79; Ouachita Packet Co. vs. Aiken, 122 U. S. 444.

Practically every State has a Public Utility Commission with power to regulate the prices of their services. It is not necessary under modern decisions of our courts that a concern be a monopoly or have a secondary franchise as, for example, a common carrier, before it can be subject to regulation. The criterion, apparently, is whether the business is effected with a public interest. As was stated in the case of Munn vs. Illinois, 94 U. S. 113: "That when one devotes his business to a public use he has in effect granted to the public such an interest in its use that he must submit to be controlled by the public for the common good to the extent of the interest he has thus seated in the public in his private property." See also Louisville Railway Company vs. Finn, 235 U. S. 601; Budd vs. New York, 143 U. S. 515; Crass vs. Stoeser, 153 U. S. 391.

The power of the Federal Government to legislate on such subjects must, of course, be derived from the Constitution. The power of Congress under the Commerce Clause to enact laws involving matters relating to commerce and of national concern is, of course, plenary. The case of Manufacturers Light & Heat Co. vs. Ott et al, 215 Fed. 940, refers to this power as including the power to control the price of commodities entering into commerce among the States.

The power of regulation of prices has been but partially exercised and has not been the subject of adjudication in this country. In Australia such a case arose which the court decided largely on American authorities. See Farey vs. Burvett, 21 Commonwealth Law Reports, 433. The constitution of Australia is similar to our own, the legislative powers of the Federal Government being expressly enumerated, all other reserved to the State. The War Precautions Act of Australia granted power to the Governor-General "to make such regulations as he thinks desirable for the more effectual prosecution of the war or the more effectual

defense of the commonwealth, prescribing the conditions of the disposal or use of any property, goods, articles, or things of any kind.'' The maximum price of bread was fixed by regulation of the Governor-General under the act above referred to. The validity of this regulation and the law under which it was made was questioned as being unconstitutional. It was contended that the war power extended only to legislation dealing directly with the prosecution of the war and not to such industrial legislation as in this case. The court held, two judges dissenting, that the legislative powers of the parliament, under the constitution, included the power during the present state of war to fix within limits of locality the highest price which, during the continuance of the war, may be charged for bread. The court said: ''As I read the constitution the commonwealth, when charged with the duty of defending the commonwealth and states is armed * * * with a power which is commensurate with the peril it is designed to encounter, or as that peril may appear to the parliament itself; and if need be, it is a power to command, control, organize, and regulate, for the purpose of guarding against that peril, the whole resources of the continent, living and inert, and the activities of every inhabitant of the territory. The problem of national defense is not confined to operations on the battlefield or the deck of a man-of-war; its factors enter into every phase of life and embrace the co-operation of every individual with all that he possesses, his property, his energy, his life itself; and in this supreme crisis, we can no more sever the requirements and efforts of the civil population whose liberties and possessions are at stake, from the movements of our soldiers and sailors who are defending them than we can cut away the roots of a living tree and bid it still live and bear fruit deprived of the sustenance it needs.'' The power to pass such legislation, and the necessity or expediency of legislation on price regulation, was supported by the famous case of McCulloch vs. Maryland, 4 Wheat (U. S.) 316, and the celebrated legal tender case (Juillard vs. Greeneman, 110 U. S. 421).

The right to contract is subrogated to the police power of the United States. The various branches of the Government are, of course, as much subject to the Constitution during the war as they were before, but on account of the exigencies of war, certain rights of the individual must be subordinated to the safety of the State. As was stated by Isaacs, J., in the case of Farey vs. Burvett, supra: ''The Constitution, as I view, is not so impotent a document as to fail at the very moment when the whole existence of the Nation it is designed to serve is imperiled.''

CHAPTER IV

GENERAL LICENSE REGULATIONS

The following general license regulations govern all licensees for the importation, manufacture, storage and distribution of food commodities and feeds (except salt water fishermen).

The licensee is also required to observe special regulations applying to his particular business, which are contained in this book. The general regulations govern all licensees except in so far as such rules may be modified as to particular licensees by special rules and regulations. The general rules are not to be construed in any way as modifying or affecting the operation of the special rules, and whenever any special rule is inconsistent with a general rule the special rule shall prevail.

Both the general and special rules and regulations were promulgated by the President under the Food Control Law. Every person directly or indirectly affected by these rules and regulations and by the statute referred to, should carefully read and study this statute, which is the basis of all rules and regulations and a clear understanding of which will aid materially in the interpretation of such rules and regulations.

PURPOSES.—The regulations were promulgated to accomplish three principal objects, viz.:

1. To limit the prices charged by every licensee to a reasonable amount over expenses and forbid the acquisition of speculative profits from a rising market;
2. To keep all food commodities moving in as direct a line and with as little delay as practicable to the consumer;
3. To limit as far as practicable contracts for future delivery and dealings in future contracts.

It is believed that if every licensee will make those purposes the cardinal principles of his business and obey the law and the regulations, he will have conducted his business in such a way that he will be free from interference by the government.

The Food Control Law gives the President broad powers to deal with individual cases as, for example, to determine in each case whether a particular practice, commission, profit or storage charge is unreasonable, unjust, discriminatory or unfair. See section 5, Food Control Law.

GENERAL REGULATIONS

NOTE.—The numbers used are the numbers of the Government rules as published and in effect on May 3, 1918. Attention is called to the fact that General Rules 9, 13, 14, 15, 16, 23, 24, 25, 26 and 27, heretofore appearing in the government publications of the general rules, are deleted from the general rules and are contained, where applicable, in the special rules applying to particular business.

The following general rules correspond to General Rules, Series B, which became effective, unless otherwise noted, on November 1, 1917.

RULE 1. REPORTS TO BE FURNISHED.—It shall be the duty of each licensee to give to such representative as may be designated by the United States Food Administrator, whenever the said representative shall so require, any information concerning the conditions and management of the business of the licensee. Reports, when requested by said representative, shall be made on such blanks, to be furnished by the United States Food Administration, as the United States Food Administrator may designate, giving complete information regarding transactions in any commodities imported, manufactured, refined, packed, purchased, contracted for, received, sold, stored, shipped or otherwise handled, distributed or dealt with by the licensee, or on hand, in the possession or under the control of the licensee, and any other information concerning the business of the licensee that such representative may require from time to time. Whenever the said representative shall require it, the licensee shall furnish such information in writing under oath.

NOTE.—Discontinuance of Certain Monthly Reports after May.—On June 15th the Food Administration announced that after the month of May, 1918, all licensees reporting as:

(1) WHOLESALE AND RETAIL DEALERS, JOBBERS AND SHIPPERS OF HOTELS AND INSTITUTIONS (Form C; printer's Form 0117)

(2) BROKERS OR DEALERS HANDLING NON-PERISHABLE FOODS ON BROKERAGE OR COMMISSION, OR AS TRUSTEES (Form D; printer's Forms 0118 or 0284)

(3) COMMISSION MERCHANTS, BROKERS, AUCTIONEERS, AND ALL DEALERS IN PERISHABLE PRODUCTS (Form C 5, 6 for owned goods, and D 5, 6 for commission goods; printer's Forms 0129 and 0128, respectively)

will not be required to file such monthly reports. However, if they are reporting on any of the forms named above, blanks for the regular May report have been forwarded to them. If they have not already returned this May report, they MUST do so, but THEREAFTER, until further notice, they will not be called upon for these monthly reports.

This refers ONLY to the blanks named above.

The policy of the Administration with respect to such reports is apparently that they intend to call for reports from time to time without notice instead of requiring reports every month. It is therefore important that

books should be kept by the licensee necessary to enable him to report when so called upon. The Administration announces that licensees will be visited from time to time by inspectors who will present proper credentials.

See Section V of the Food Control Law.

RULE 2. PROPERTY AND RECORDS TO BE OPEN TO INSPECTION.—The authorized representative of the United States Food Administrator shall be at full liberty, during ordinary business hours, to inspect any and all property stored or held in possession or under the control of the licensee, and all records of the licensee. All necessary facilities for such inspection shall be extended to the said representative by the licensee, its agents and servants.

RULE 3. MUST KEEP RECORDS.—The licensee shall keep such records of his business as shall make practicable the verification of all reports rendered to the United States Food Administration.

NOTE.—Records of "drop shipments" are to be included in the records of the wholesaler as well as of the manufacturer or retailer.

RULE 4. INFORMATION FURNISHED NOT TO BE DIVULGED.—No agent or employee of the United States Food Administration shall divulge or make known in any manner, while he is such agent or employee or thereafter, except to such other agents or employees of the United States Food Administration as may be required to have such knowledge in the regular course of their official duties, or except in so far as he may be directed by the United States Food Administrator or by a court of competent jurisdiction, any facts or information regarding the business of the licensee which may come to his knowledge through any examination or inspection of the business or accounts of the licensee or through any reports made by the licensee to the United States Food Administration.

RULE 5. UNREASONABLE PROFITS PROHIBITED.—The licensee shall not import, manufacture, store, distribute, sell, or otherwise handle any food commodities on an unjust, exorbitant, unreasonable, discriminatory, or unfair commission, profit, or storage charge.

NOTES.—*Special profit regulations.*—In addition to this general rule requiring that profits should be reasonable, the licensee in most lines of business will find special rules dealing more explicitly with the profits permitted in his business.

Licensee performing two functions.—In cases where a licensee, in addition to his principal business, performs another function customarily performed by a different type of licensee, as where a manufacturer distributes through a jobbing department directly to the retail trade, he will be permitted to make a reasonable charge for each service, provided—

(*a*) That he keeps such separate accounts of his operations as to enable

him to make the reports required of persons licensed to perform that function, and to enable such reports to be verified; and

(*b*) Conforms to the regulations of the Food Administration in respect to the supplementary function which he performs.

In many cases, however, the licensee's service and his expense of operation will not be as great as that of persons engaged exclusively in a similar business, and in such case he will not be allowed to charge as great a margin as is permitted to such other licensee.

Cold-storage warehouse charges.—This rule prohibits cold-storage warehouse licensees from making unreasonable or discriminatory charges in handling or storing food commodities.

The United States Food Administration recognizes the principle that up to a certain point it ordinarily costs less per unit to handle large quantities than to handle small quantities, and large lots than small lots, of a particular commodity, and has no objection to licensees charging a lesser rate per unit for large quantities or lots than for small quantities or lots if the differentiation in rates is based on variation of cost in handling the particular commodity.

Hereafter, the above-mentioned principle must be applied by cold-storage warehousemen in arranging any variations in rates or discounts for quantity contained in schedules of rates or amendments thereto that are filed.

With respect to rate schedules now on file in which lower rates for large lots or discounts for quantity are stated, no objection has been or will be made to differentiations in rates unless they are obviously merely arbitrary or discriminatory or in effect constitute a preference to one or a few patrons, or unless upon investigation they are found to be without reasonable justification.

All rates must of course be contained in the schedule required to be filed with the United States Food Administration and must be clear, explicit, well defined, and intelligible. Every patron is entitled to know his exact classification and the specific rate he is to be charged.

The test.—The test is, are the commodities being sold at not more than a reasonable advance over the actual purchase price and is the price non-discriminatory?

RULE 6. RESALES WITHIN SAME TRADE PROHIBITED, WHEN.—The licensee, in selling food commodities, shall keep such commodities moving to the consumer in as direct a line as practicable and without unreasonable delay. Resales within the same trade without reasonable justification, especially if tending to result in a higher market price to the retailer or consumer, will be dealt with as an unfair practice.

NOTE.—*Special resale regulations.*—See pamphlets containing special regulations for application of this rule to particular businesses and commodities.

Dealers in nonperishable commodities will find a full statement explaining what resales are reasonable in their business in the special license regulations applying to them under Rule A-6.

Resales in poultry, eggs, butter, cheese, coffee, and rice are dealt with by special regulation under the rules applying to dealers in those commodities.

In cases of resale, any broker concerned shares the same responsibility as the buyer and seller.

Resales that may be permitted should be made subject to such measure of control as the Federal Food Administrator in the particular State deems it necessary to exercise. In some States, for example, the Administrator has

required the parties to a proposed resale to file with him affidavits or other evidence sufficient to establish the fact that the particular lot of goods being resold bears but one wholesale profit between the manufacturer and the retailer. A similar principle applies to resales between retailers.

In general, the Food Administration will not ordinarily make objection in a case where the one permissible wholesale profit on a particular lot of goods is divided and shared by two or more wholesalers. The fact that the wholesaler who desires to purchase a certain lot of goods from another wholesaler might, or would be required to pay a higher price if he purchased other similar goods direct from the manufacturer, or other original source, has no bearing whatever upon the legality of a resale under this general rule.

The obvious reason is that this rule and the special reasonable profit rules have to do with the "particular goods sold." It is clear that the particular lot of goods whose resale is proposed will go through to the retailer at a lower price if the wholesaler who now owns them sells them direct to the retailer instead of another wholesaler who would add a second wholesale profit on the same lot of goods. There are perhaps wholesalers who, because of their limited business or for other reasons, cannot buy from manufacturers or other original sources in carload quantities.

There may be cases, therefore, in which such a wholesaler could sell a particular lot of goods to a retailer at a lower price if he could benefit by the carload rate from the manufacturer or some large wholesaler at a point near him. In such instances there may be reasonable justification for a resale within the same trade, but no general exception of this sort has been made.

RULE 7. SPECULATION PROHIBITED.—No broker or other licensee shall buy or sell any food commodity for his own account unless he is also regularly engaged in, and holds himself out to the trade as conducting the business of distributing such commodity otherwise than on a commission or brokerage basis, or unless he uses such commodities in manufacturing; provided that this rule shall not apply to sales on an exchange, board of trade, or similar institution.

RULE 8. SALES TO SPECULATORS FORBIDDEN.—No licensee shall knowingly sell any food commodity to a broker or other licensee who is not buying for personal consumption or engaged in using such commodity in manufacturing, or who is not regularly engaged in, and holding himself out to the trade as conducting the business of distributing such commodity otherwise than on a commission or brokerage basis; provided that this rule shall not apply to sales on an exchange, board of trade, or similar institution.

NOTE.—The regulation of exchange transactions is not a function of license regulations, and under section 13 of the Food Control Act will be handled by special regulation from time to time.

There is no general rule 9 in the present series. See special rules applying to your business.

RULE 10. UNFAIR PRACTICES FORBIDDEN.—The licensee shall not buy, contract for, sell, store or otherwise handle or deal in

any food commodities for the purpose of unreasonably increasing the price or restricting the supply of such commodities, or of monopolizing, or attempting to monopolize, either locally or generally, any of such commodities.

RULE 11. MUST NOT COMMIT WASTE.—The licensee shall not knowingly commit waste, or willfully permit preventable deterioration in connection with the production, importation, manufacture, storage, distribution, or sale of any food commodities.

NOTE.—*Disputes between shippers of food stuffs.*—The Food Administration is interested in food stuffs which are held up in cars owing to disputes between the consignor and the consignee with the view of preventing waste.

When a commodity is deteriorating, something should be done to release the car and avoid waste of food. When the goods are not what were ordered, the consignee, of course, is not required to accept them, but in such case their prompt marketing should be arranged for by the consignor. In cases where the consignor has complied with his contract, it is, of course, the duty of the consignee to accept and market the goods. When full and complete performance of all the terms and conditions in the contracts of sale has not taken place, either because of one party or the other, and the failure of such is capable of adjustment, it would be, in such case, the duty of the consignee to accept and market, and the consignor's duty would be to adjust.

In such cases the Food Administration has announced that it stands ready to provide arbitration. In cases where food is not involved and the question is simply a matter of law, the Administration does not act, but leaves the parties to their legal rights.

RULE 12. MUST REPORT CHANGE OF ADDRESS.—The licensee shall report within 10 days, in writing, to the United States Food Administration any change of address, or any change in the management or control of the person, firm, corporation or association licensed, or any change in the character of the business.

NOTE.—There are no general rules 13, 14, 15 or 16 in this series. See special rules applying to your business.

RULE 17. MUST NOT DEAL WITH PERSONS VIOLATING FOOD CONTROL ACT.—The licensee shall not, except with the written consent of the United States Food Administrator, knowingly sell any food commodities to or buy any food commodities from any person who shall, after this regulation goes into effect, violate the provisions of sections 4, 6, 8 or 9 of the act of Congress approved August 10, 1917, by making an unreasonable rate or charge therefor or otherwise selling, holding, or dealing wrongfully in or with such commodity.

NOTE.—This rule became effective November 1, 1917, and was amended to its present form January 28, 1918.

RULE 18. SECRET REBATES PROHIBITED.—No licensee shall make any allowance or payment to the agent or employee of any exchange, association, or other person from whom he buys, or to

whom he sells, or for whom he handles commodities on commission without the permission of the principal of such agent. If such permission is not in writing, immediate written notice shall be sent to the principal by the licensee on the account sales or otherwise, giving the amount of the payment and the name of the agent, exchange, or association to whom paid.

NOTES.—This rule became effective November 1, 1917, and was amended to its present form April 4, 1918.

If general written permission is given by the principal for his agent to receive commissions from a particular broker or other person, written permission or notice is not required in case of each individual commission.

Payments or allowances to an agent of the shipper by a licensee for any services whatever which the agent renders to the licensee are not permissible without the permission of the shipper.

The fact that a broker makes no charge to the owner for forwarding to another locality goods that he can not sell in his own field does not obviate the necessity of obtaining the permission of the owner to the receipt by the broker of an allowance or payment from the new consignee.

Permission of Shippers to Agents of Shippers' Association.

In connection with that part of the preceding rule which provides that permission must be secured of the principal of such agent; a licensee who is an agent of the Shipper's Association may pay the association or exchange a percentage of gross sales by the following method rather than obtaining separate permission from each individual member of the association to pay such percentage. Shippers who are members of the association, it is suggested, sign the following form, with the blanks filled:

"To any agent of the.....
I, the undersigned shipper of produce, hereby grant permission to you to pay to said.....
.....per cent of the amount of the gross sales on every consignment made by me to you. This permission shall be effective from the date hereof, until revoked in writing by me.

(Signed) .....
Date.....
Address .....,,

Such permission may be signed separately by shippers or one paper may be signed by all.

Form of Statement on Account Sales.

Under General Rule 18 it is provided that where a payment is made to the agent of the person with whom the licensee deals and where the permission of the principal of such agent for such payment is not in writing, "immediate written notice shall be sent to the principal by the licensee, on the account sales or otherwise, giving the amount of the payment," etc. A written statement of the amount of the gross sales and the percentage of the gross sales paid to such agent will be considered an adequate statement of the amount paid. A statement by the commission merchant on the account of sales sent to the principal in the following form will be sufficient:

"The commission noted hereon includes.....% collected for and paid to....., shipper's agent."

RULE 19. MARKET QUOTATIONS MUST NOT BE MISLEADING.—The licensee shall not issue, or make public, market quotations or make any statements to any person regarding the price at which food commodities are being sold, which quotations or statements can not be verified either from his own records or from the records of other licensees, and shall not make any other misleading statements which tend to enhance the price of any food commodities.

NOTES.—This rule does not make the licensee responsible for distributing market reports published by reputable and established market news agencies bearing the name of the publishers.

It is not necessary to inform a shipper that a quotation is subject to a charge for brokerage if it is the general understanding of the trade that such a quotation is subject to such a charge.

Where Broker Guarantees Selling Price.

Where a commission merchant receives a consignment of poultry or eggs and guarantees to the consignor a definite selling price, he must show on the account sales the actual price at which the goods were sold, together with services actually performed and expenses actually incurred, and as a separate item, must show any sum paid to the consignor by reason of the commission merchant's contract of guaranty. The failure to do this will not only be a violation of this rule by reason of a misstatement of the price at which the commodities are being sold, but would also be a violation of special rule 2 governing commission merchants.

RULE 20. DEFINITIONS OF TERMS IN RULES AND REGULATIONS.—The words used in these rules and regulations shall be construed to import the plural or the singular, as the case demands. The word "person," wherever used in these rules and regulations, shall include individuals, partnerships, associations and corporations. The words "food commodities," wherever used in general or special rules and regulations, unless otherwise specified, shall include all commodities specified by the President in any license proclamation already issued or which may hereafter be issued by him under the authority of section 5 of the act of Congress approved August 10, 1917, known as the Food Control Act.

Dealings on an exchange, board of trade, or similar institution shall include only such dealings as are made by public trading on the floor of the exchange under the supervision of the exchange, board of trade, or similar institution, in such ring, pit, or other similar place as may be especially reserved by the exchange, board of trade, or similar institution for public trading.

RULE 21. SPECIAL RULES PREVAIL OVER GENERAL RULES, WHEN.—Nothing contained in these general rules and regulations shall be construed as restricting, modifying, or affecting in any manner the operation of any special rules and regulations which

have already been promulgated or which may hereafter be promulgated, and whenever any special rule is inconsistent with a general rule, the special rule shall prevail.

RULE 22. LICENSE NUMBER MUST BE PLACED ON CERTAIN DOCUMENTS.—The licensee shall place on every contract, order, acceptance of order, invoice, price list, and quotation issued or signed by him relating to food commodities the words "United States Food Administration License Number," followed by the number of his license. No licensee shall knowingly buy any food commodities from or sell any such commodities to, or handle any such commodities for, any person required to have a license who has not secured such license and complied with the provisions of this rule.

NOTES.—This rule applies to retailers as well as to all other licensees.

Where a business has a main office and several branches, the contracts, invoices, etc., issued or signed by the branches, as well as by the main office, should bear the license number of the licensee.

Abbreviations of "United States Food Administration License Number" are not permitted.

Ordinary sales ticket, duplicate of which is sent to the buyer C. O. D., should be stamped with the licensee's license number.

Orders taken by salesmen should be stamped with the licensee's number.

Delivery slips sent to customers with their daily orders should bear the Food Administration license number of the licensee.

A licensee who inserts an advertisement in a paper, which *paper* contains quotations, is not required to include his license number in such advertisement. However, if he inserts an advertisement, which *advertisement* contains a price list of quotations by the licensee, then the advertisement should include his license number.

This rule does not require a licensee to include his license number in quotations, etc., by wire. The license number, however, should be placed on the confirmation of any such telegram that is mailed or otherwise delivered to the addressee.

A produce association or reputable market news agency issues a market report; a licensee takes a certain number of copies, prints his name on them, and sends them out to shippers. The license number of the commission merchant need not appear on the market report so sent out by him.

The licensee's license number should appear on purchase slips that are given to customers over the counter.

A licensee may accept the statement of a reputable person that he has applied for a license. However, it is unlawful for a licensee knowingly to deal with a person who is required to have a license who has not procured a license.

If two or more licensees sign a contract, order, etc., the license numbers of all those so signing the contract should appear on it.

Under this rule it is necessary for elevator companies to stamp license numbers on country storage tickets and on warehouse receipts.

A catalogue quoting prices should contain the license number.

The license number must be placed upon the face of a sales slip and not upon the reverse side.

Neither bills of lading, checks, promissory notes, nor drafts need contain the license number. But see special rule 2 governing dealers in cotton seed on page 99.

Price tags or window posters or labels need not bear the license number.

When a broker enters into a contract, or issues an order, acceptance of order, invoice, price list or quotation, expressly in the name of his principal, the license number of the broker need not be placed upon the instrument. Where, on the other hand, a broker contracts in his own name or issues or signs in his own name any of the above-mentioned instruments, the license number of the broker must be placed thereon. The license number of the principal must *in all cases* appear upon the instrument. The license numbers of both the buyer and seller should be placed upon every contract. In such a case, where the broker is not actually a party to the contract, his license number need not be placed upon the contract or upon any of the herein above-mentioned instruments.

The license number of a hotel or restaurant holding a baking license should appear on its menus.

Illustrative case.—John Jones, who operates a general merchandise store in a country town and buys eggs from the farmers, and who never heard of the Federal Food Administration Rules and Regulations, and, therefore, has no license under the Food Regulations, engages Oliver Smith, a broker, to sell a certain lot of eggs. Oliver Smith offers the lot of eggs to Chester Shaw, another broker, who negotiates a sale to the X Y Company, a jobber.

What are the requirements under General Rule 22, supra, and what other complications are there in this case?

Answer.—Under Rule 22, supra, Chester Shaw is required to place the license number of Oliver Smith, as well as his own license number, on the sales memorandum, and any other papers designated in the rule that are issued by him, and that relate to the transaction, but is not obligated to place thereon the license number of John Jones.

Under the rule that the license number of the principal must in all cases appear upon the instrument, Chester Shaw may regard Oliver Smith as his principal. John Jones, in the case above mentioned. is required to have a license under the Rules and Regulations regardless of the amount of his annual business, inasmuch as he is in such case the operator of an egg packing plant, and not a retailer, and liable for a license regardless of the amount of his annual business. See page —. Would the parties dealing with John Jones be liable for a violation of this rule and the Food Control Law? The regulations provide that a licensee shall not, knowingly, handle any food commodities for any person, etc. If he did not know that the party with whom he was dealing was required to have a license, he would not be liable. However, the facts in this particular case are so plain that it is believed any person would have knowledge of such facts as to have put him on inquiry, at least.

Where there is any doubt in the mind of the person with whom the licensee is dealing as to the requirements for a license, it is suggested that a statement in writing be secured from the party with whom he is dealing, showing in what capacity he deals; if he is not the original dealer, what price he paid for the goods, whether he is required to secure a license, and that the transaction does not in any way involve the violation of any of the rules and regulations of the Food Administration or the law under which they were promulgated. See also Rule 17, supra. As to the transactions governing the brokers in this case, see Special Rules governing brokers. For the price which the parties are entitled to charge for fresh eggs, see Special Regulations governing Fresh Eggs.

Rule 23 Amended, Effective September 1, 1918, as Follows:

RULE 23. COMBINATION SALES PROHIBITED.—No licensee shall make or offer to make any combination sales of any food com-

modity, excepting that a retailer may sell wheat flour in combination with one or more wheat flour substitutes as prescribed by the Wheat Conservation Rules: *Provided*, That in making any such combination sales the licensee shall name and charge a price for each of the articles so sold, which shall not represent more than a normal prewar margin over cost of any one of such articles.

A Combination sale is (1) any sale or delivery of two or more commodities, or of two or more kinds or sizes of the same commodity, at a price effective only if they are bought at the same time; or (2) any sale or delivery of a commodity upon condition that the purchaser shall buy some other commodity, or some other kind or size of the same commodity.

NOTE.—This rule became effective January 28, 1918, and was amended to its present form May 8, 1918.

Under the foregoing rule a licensee must not give a buyer any food commodity in connection with the purchase of any other commodity. For instance, a licensee cannot give to a purchaser of rice a quantity of sugar. The purported gift of sugar would be considered a sale of the sugar, and the transaction, therefore, would be violative of the rule.

CHAPTER V

SPECIAL RULES AND REGULATIONS

The Special Rules and Regulations promulgated under the Food Control Law apply to particular businesses. The General Rules and Regulations apply to all commodities, and should be read in connection with the Special Rules. However, whenever any special rule as to a particular commodity is inconsistent with the general rule, the special rule shall always prevail. It is important, therefore, that the licensee first look to the special rule applying to his particular business, then to the general rule. He should, of course, carefully study the Food Control Law, which is the basis of these rules and regulations, and under which they were promulgated.

Sugar Rules.

The President has approved the formation of a Sugar Equalization Board by the Food Administration. The chairman of this board will be Mr. Herbert Hoover, Food Administrator, and its officers will be in Washington, D. C. The purposes of the board are to equalize the cost of various sugars and secure the better distribution. Arrangements will be made for joint dealings with the allies in foreign sugars, and the adjustments of differentials in overseas freight rates. This board will be incorporated with a capital of $5,000,000, which will be supplied by the President from his special fund. The whole stock will be held by the President for the United States Government.

RATIONING OF MANUFACTURERS AND OTHERS USING SUGAR.—Special rules have been issued by the Food Administration applying to all manufacturers and refiners of sugar and to wholesalers, jobbers, importers, retailers, and brokers of sugar. All manufacturers using sugar, except to make essential food products, are put on a ration basis. Those classes of business which are regarded as essential may obtain 100 per cent of their normal requirements of sugar. Other businesses are limited to from 50 to 75 per cent of their normal requirements depending upon the nature of the particular business.

A plan of distribution was inagurated by the Food Administration effective May the 15th. This plan has been modified,

effective July the 1st, 1918. Under the present plan, all purchases of sugars made by manufacturers, wholesalers, retailers, jobbers, bakers, eating houses, etc., can only be made by certificates. These certificates are obtainable upon application to the Local or State Food Administrator and are to be surrendered by the purchaser whenever any purchase of sugar is made. Manufacturing concerns must obtain certificates from the State where the plant is located. Where there are several plants owned by one concern in different States, separate applications should be made in each district where a plant is located. The various classes of businesses affected by these rules and regulations are required to file a statement with the local Food Administrator showing the quantity of sugar used in their business during a certain period and upon which their allowance for sugar is based.

APPLICATION OF SUGAR RULES.—The sugar rules, infra, apply to all kinds of raw, refined, and semi-refined beet and cane sugars, including granulated, powdered, lump, confectioners', soft brown, clarified, open kettle, etc. They do not apply, however, to maple sugar and corn or grape sugar. The countries of Hawaii, Porto Rico, and Alaska are exempted from the regulations pertaining to sugar ration.

ASSIGNMENT OR TRANSFER OF BUSINESS.—If there is an assignment or a sale of a business affected by these rules and regulations, the assignee or transferee should, of course, be entitled to obtain sugar on the same basis and under the same circumstances as had been allotted his transferror under these rules and regulations.

RECORDS.—It is important that all persons affected by these rules and regulations keep a proper and accurate record of the amount of sugar consumed by them and such other records as will enable them to make proper returns and reports. The failure to be in a position to make such reports would result in such persons being unable to secure an allowance of sugar.

INCREASED CAPACITY.—In the case of those concerns whose capacity has been increased, they should be entitled to a proper allowance on filing a new capacity statement. An increase in the distributing capacity would not, it is believed, warrant an increase in allotment of sugar as in the case of a substantial increase in manufacturing capacity.

CHAIN STORES.—Chain stores should procure certificates from the State Food Administrator for the State in which the stores are located. No responsibility, of course, is assumed by the Food Administration as to the performance of a contract for the sale of sugar by the seller. The certificate issued by the Food Administration is nothing more than a permission to pur-

chase. The Food Administrator can, of course, modify or change a certificate at any time he desires to do so.

In the case of those concerns doing both a wholesale and a retail business, their different businesses should be segregated and certificate obtained for the retail business and one for their wholesale. Retailers selling in a wholesale way must obtain statements as though they were wholesalers to the extent of such particular sales. Those products which are rationed at the source, such as corn syrup, would not require for their purchase a certificate inasmuch as they are rationed at the source.

CLASSIFICATION OF TRADES.—All trades affected by these rules and regulations are divided up into the following classes:

Class A includes the following businesses and commodities: Candies, cereals, chewing gum, cocoa and chocolate, condiments, confections, flavoring extracts, invert sugar, soda water, soft drinks, sweet pickles, tobacco, honey, wines, dental preparations, dessert powder, malted milk, molasses, and syrups and certain other products.

Manufacturers of aforesaid articles are now entitled to 50% of their normal requirements of sugar.

Soda fountains, regardless of what they use sugar for in dispensing fountain, must not receive over 50% of their normal requirements of sugar.

Class B includes sugar in canning and preserving vegetables and fruits (except by soda fountains, etc., which are limited to a 50% use of sugar for all purposes), catsup, chili sauce, drugs, explosives, glycerine, bee culture, meats and milk. Users of sugar in these products are entitled to their requirements of sugar. Included in the above class would be meat packers and manufacturers of ant poison and other insecticides. (Ice cream manufacturers are allowed 75% of normal requirements.)

Manufacture of water ices and sherbets are prohibited. (100% sugar means the amount of sugar required for that particular business.) In the case where fruits are preserved for soda fountain use, such preserved fruits would come under Class A instead of Class B. Therefore, they would be entitled to only 50% of their normal requirements.

Class C includes all public eating places, as hotels, restaurants, boarding houses, public and other refreshment houses, dining cars, boats, clubs, buffets, caterers, institutions (city, county, state, or federal), hospitals, private canteens, internment camps, and other similar eating places regularly serving twenty-five persons or more. The basis of the allotment of this class is three pounds of sugar for every ninety meals served during the months of July, August and September of last year. A statement of their requirements must be filed on or before July 15th. Fail-

ure to file then, would probably result in no allotment being made.

Class D includes manufacturers of all bakery products, including bread, rolls, sweet yeast dough goods, crackers, biscuits, cookies, ice cream cones, cakes, pies, friend cakes, pastry, quick breads, Boston brown bread, batter cakes, waffles, etc.

The above manufacturers will be allowed 70% of normal requirements.

Class E covers retailers and others selling sugar for direct consumption. The householder is under this class, honor bound to ration his family to two pounds per month per person. The retailer is restricted in his sales to this quantity. The sales to customers at any one time should not exceed two pounds in the case of those residing in the city; in rural districts, not to exceed five pounds at any one time. In the case of sales by the retailer (except to householders) they must be made only upon surrender of authorized certificates issued to the buyer by the administrator, as provided by the rules and regulations.

The certificates which a retail grocer obtains from the Food Administrator from his sales will be by him delivered to his wholesaler, who in turn will deliver to the refiner. The refiner will deliver the certificates to the State Food Administrator issuing them. It is discretionary with the State Administrator whether he requires the customer to sign a statement before he will permit him to buy sugar at retail.

Home canners are permitted, under the present rules, to obtain twenty-five pounds of sugar for canning.

The following are the special license regulations governing manufacturers and refiners of sugar. The special license regulations governing wholesalers, jobbers, importers, retailers of sugar and brokers of sugar are to be found in the "Special Regulations Governing Wholesalers, Jobbers, Importers, Retailers, and Brokers of Licensed Non-perishable Food Commodities, infra.

Special License Regulations Governing Manufacturers and Refiners of Sugar.

NOTE.—The following special regulations contain all regulations issued up to June the 1st, 1918, applying to manufacturers of cane and beet sugar and, also, amendments and additions effective July the 1st, 1918. Such licenses are, also, subject to the general license regulations.

A. Special Regulations Applying to All Manufacturers and Refiners of Cane Sugar and Beet Sugar.

RULE 1. MINIMUM WEIGHT OF CARLOAD SHIPMENTS.—All carload shipmens of sugar shall be made in car lots of not less than 60,000 pounds each, unless a different minimum is authorized by

special written permission of the United States Food Administrator; *Provided, however,* That cars of lower carrying capacity than 60,000 pounds may be used without such permission if loaded to their maximum capacity.

RULE 2. MANUFACTURER NOT TO SELL MORE THAN 10 DAYS AHEAD.—The manufacturer or refiner shall not make any contracts for the sale of sugar except such as require shipment within 10 days, excepting contracts with the Federal, State, county, or municipal governments, or for export. He shall not make any contract except with such governments or for export which he has not reasonable cause to believe that he can fill within 10 days.

RULE 3. PRICES SHALL CONFORM TO PRICE LIST FURNISHED.—The manufacturer shall furnish to the United States Food Administrator, Washington, D. C., and deliver to the trade a price list showing his selling price and all selling terms and differentials in force. After such price list or any subsequent price list is issued the manufacturer shall make no sales of sugar except at the price, differentials, and terms shown in the price list then in force, until he has mailed to the United States Food Administrator a new price list showing any change made in said price, differentials, or terms, and has received the written approval of the United States Food Administrator to any change in differentials and to any addition to the list of new types of sugar or styles of packages.

Provided, That every price list and contract to sell sugar shall include a stipulation that in case a change in the United States Food Administration regulations authorizes a higher price than that named in the contract or price list before the arrival of the sugar at destination, the refiner shall have the right to raise his price to such higher price, and that in case such change requires sales at a lower price than that named in the price list or contract before the arrival of the sugar at destination, the refiner shall be required to reduce his price to such lower price.

NOTE.—The issuance of price lists by manufacturers of beet sugar will not be necessary until August 1, 1918, and after that date it will be dispensed with in cases in which the manufacturer shall have entered into a proposed voluntary agreement with the United States Food Administrator prescribing other methods of supplying such information.

RULE 4. MAXIMUM BROKERAGE FIXED.—The manufacturer shall not pay any broker commissions in excess of one-fourth of 1 per cent on the value of raw sugar bought, or in the case of refined or semi-refined sugar sold in excess of 5 cents per hundred pounds, excepting, however, that a higher commission may be paid for any special service if first approved by the United States Food Administrator.

RULE 5. DOUBLE BROKERAGE PROHIBITED.—The manufacturer shall not allow or pay to any person any brokerage or commission on sugar or its by-products on which he knows a commission or brokerage to have already been paid.

RULE 6. EQUITABLE DISTIBUTION PRESCRIBED.—The manufacturer shall distribute sugar equitably among his customers so that no one of such customers receives more than his fair share of the sugar which may then be available for distribution from all sources. Upon receipt of notice from the United States Food Administration that any shipment of sugar by the refiner or manufacturer to any State or States specified, or the shipment thereto of sugar of a given percentage of the refiner's or manufacturer's total shipments, will give such State or district more than its fair share of the sugar which may then be available for distribution, the refiner or manufacturer shall not ship upon certificates issued by Federal Food Administrators of the State or States named a greater percentage of his total shipments in any prescribed period than is named in said notice.

RULE 7. SUGAR TO BE DELIVERED ONLY ON RECEIPT OF SUGAR-DISTRIBUTION CERTIFICATES.—On and after July 1, 1918, the manufacturer or refiner shall not ship or deliver sugar to any person whomsoever until he has received from such purchaser a certificate or certificates issued by a Federal Food Administrator to some wholesaler, retailer, public eating place, manufacturer, baker, or other person in his State, certifying that the total amount of sugar to be sold or delivered will not give the person to whom issued more than his fair share of the sugar then available for distribution in the United States. Such certificate shall not be valid unless it is indorsed by the person to whom issued and also by any other person through whose hands it has passed.

NOTE.—The foregoing rule is an amendment of rule 7 as effective May 15, 1918, which required certificates only upon delivery to manufacturers. Under the above rule certificates must now be required in delivering sugar to any person whomsoever.

RULE 8. CERTIFICATES TO BE MAILED TO FEDERAL FOOD ADMINISTRATOR.—The licensee shall cancel immediately upon receipt and mail on the first of each month to the Federal Food Administrator, whose name is signed thereto, all sugar certificates received by him during the preceding month. He shall keep a complete record of all shipments made, and of all certificates mailed to Federal Food Administrators under this rule.

RULE 9. SUGAR NOT TO BE USED IN MANUFACTURING OTHER PRODUCTS WITHOUT OBTAINING SUGAR DISTRIBUTION CERTIFICATES.—The licensee shall not, after May 15, 1918, remelt any sugar for the purpose of making invert sugar, syrup or molasses, or use sugar in the manufacture, bottling, packing, or preparation of

any other product until he has obtained from the Federal Food Administrator of the State where such product is manufactured certificates that the total amount of sugar to be so used will not exceed his fair share of the sugar then available for distribution. He shall use no sugar in excess of the amount called for by the certificate issued to him. Whenever sugar is used for such purposes, the licensee shall cancel certificates representing the amount of sugar used, and shall file them at the end of each month with the Federal Food Administrator whose name is signed thereto.

RULE 10. COPY OF INVOICE TO BE SENT TO FEDERAL FOOD ADMINISTRATOR.—The licensee shall send daily to the Federal Food Administrator of the State in which the consignee is located a copy of the invoice on all shipments and deliveries of sugar. With the written consent of the United States Food Administration any other method of supplying this information to the Federal Food Administrator may be substituted.

RULE 11. STANDARD PACKAGE SIZES PRESCRIBED.—On and after July 1, 1918, the manufacturer or refiner shall not sell cane or beet sugar for domestic use in the United States except in 1-pound, 2-pound, 5-pound, 25-pound, or larger packages, without special permission in writing from the United States Food Administration.

NOTE.—The 25-pound package may be eliminated after the close of the preserving season.

B. Special Regulations Applying to Refiners of Cane Sugar.

RULE 1. ALL POSSIBLE SUGAR MUST BE EXTRACTED.—The refiner shall operate his plant in such manner as to secure the largest extraction of sugar possible from the raw sugar, and shall not deliberately produce syrups or molasses from which sugar can be commercially extracted. The percentage of soft or off grade sugars produced by refiners in any month in comparison to their total output in that month shall not exceed the percentage produced during the year 1917 without the written consent of the United States Food Administrator.

NOTE.—The attention of the refiner is called to General Rule 23 governing all licensees:

Rule 23. *Combination sales prohibited.*—No licensee shall make or offer to make any combination sales of any food commodity, excepting that he may sell sugar in combination with corn meal at the rate of 1 pound of sugar to 2 or more of corn meal, or wheat flour in combination with one or more wheat flour substitutes as prescribed by the Wheat Conservation Rules: Provided, That in making any such combination sales the licensee shall name and charge a price for each of the articles so sold, which shall not represent more than a normal prewar margin over cost of any one of such articles.

A combination sale is (1) any sale or delivery of two or more commodities, or of two or more kinds or sizes of the same commodity, at a

price effective only if they are bought at the same time; or (2) any sale or delivery of a commodity upon condition that the purchaser shall buy some other commodity, or some other kind or size of the same commodity. See amended Rule 23. Effective September 1, 1918, on page 37.

RULE 2. SUGAR TO BE SOLD AT REASONARLE ADVANCE OVER COST.—The manufacturer shall sell his sugar at not more than a fair and reasonable advance over cost.

NOTE.—The United States Food Administration will announce from time to time what advance it considers fair.

RULE 3. PRICE OF SYRUPS AND MOLASSES.—The licensee shall not sell the following products when manufactured from imported raw cane sugar at prices to exceed those named below which are based on the cost of imported raw sugar to the refiner.

	Per gallon, in barrels. *Cents.*	Per gallon, in bulk. *Cents.*
Refiner's syrups, highest grade (fancy filtered)	55	50
Refiner's syrups, medium grade (filtered)	40	35
Refiner's syrups, low grade (unfiltered)	30	25
Blackstrap molasses	23	18

The prices named are f. o. b. cars at primary markets or port of entry, or point of production if carrying same freight rate as from primary markets, net cash in 10 days without discount, and shall include brokerage and any profit taken by a distributor in tank cars direct from the refinery, but shall not include freight or tank car charges.

NOTE.—Any questions in regard to the grading of fancy, medium and low grade syrups will be determined by the United States Food Administration committee on syrup valuations.

Preference to domestic orders for syrup.—The Food Administration urgently requests that in accepting and filling orders for refiners' syrups, preference be given domestic customers over exporters. If this is not done voluntarily it will be necessary to consider regulations limiting the export of such shipments.

C. Special Regulations Applying to Producers of Beet Sugar.

RULE 1. ALL POSSIBLE SUGAR MUST BE EXTRACTED.—The manufacturer shall operate his plant in such manner as to secure the largest extraction of sugar possible from the sugar beet, and shall not deliberately produce molasses from which sugar can be commercially extracted.

RULE 2. UNREASONABLE PROFIT PROHIBITED.—The manufacturer shall sell beet sugar, beet molasses, and beet pulp at not more than a fair and reasonable advance over cost.

NOTE.—The United States Food Administration will announce from time to time what advance it considers fair. Until further notice any sales of beet sugar at a price in excess of the selling price, at the same time and place of standard granulated sugar made from cane produced in the United States (including insular territories), will be considered evidence of a violation of this rule.

Beet molasses.—Until further notice any sales of beet molasses at a price

in excess of 18 cents a gallon in bulk or 23 cents a gallon in barrels f. o. b. factory net cash in 10 days without discount will be considered evidence of a violation of this rule. This price shall include brokerage and any profit taken by a distributor in tank cars direct from factory, but shall not include freight or tank car charges.

Special License Regulations Governing Wholesalers, Jobbers, Importers, Retailers, and Brokers of Licensed Non-perishable Food Commodities.

NOTE.—The following special regulations include all issued up to June the 15th, 1918. Licensees subject to these rules are, also, subject to the general rules and regulations. Wholesalers, jobbers, importers, retailers, or brokers who deal in any licensed commodity not referred to in the following rules should refer to the regulations governing that particular commodity. Licensed, non-perishable food commodities for the purposes of the within regulations include the following:

Barley flour.
Canned or cured beef, pork, and mutton:
    Including—
        Veal, lamb, and ham.
        Canned corn beef.
        Chipped beef.
        Dried beef.
        Sliced bacon, whether in containers or not.
    Excluding—
        Beef juice.
        Bologna.
        Canned chili meat.
        Corn beef hash.
        Deviled ham.
        Luncheon tongue.
        Mincemeat.
        Potted meats.
        Sausage.
        Scrapple.
        Tripe.
        Veal loaf.
Canned corn (including canned hulled corn).
Canned dried beans (including canned pork and beans, and chili con carne with beans).
Canned peas.
Canned salmon.
Canned sardines.
Canned tomatoes (including paste, pulp, and purée).
Coffee, green.
Condensed, evaporated, or powdered milk.
Cooking fats (including nut oil for cooking and edible tallow).
Corn flour.
Corn grits.
Corn meal.
Corn oil.
Cornstarch (including laundry starch).
Corn syrup.
Dried or evaporated apples, peaches, prunes, raisins.
Dried beans.
Dried peas, pea seed (including cowpeas).
Glucose.
Hominy (including canned hominy).

Lard.
Lard substitutes (including butterine, cocoanut oil butter).
Maple compounds.
Maple sugar.
Maple syrup.
Mixed and self-rising flours containing more than 50 per cent of licensed flours.
Molasses (including beet molasses and sorghum).
Oatmeal.
Oleomargarine.
Oleo oil.
Rice, cleaned.
Rice flour.
Rolled oats.
Rye flour.
Sugar (including refined, clarified, plantation-washed, open-kettle, maple sugar, and corn sugar).
Syrups (including maple syrup; excluding beverage, medicinal, and rock-candy syrups).
Wheat flour (including grahams and whole-wheat flour).

WHOLESALERS, JOBBERS, IMPORTERS, RETAILERS

A. Special Rules Applying to Licensed Non-perishable Food Commodities.

(See sections B, C, D, E, F, G, and H, following for additional special rules for certain commodities.)

RULE 1. MINIMUM WEIGHTS OF CARLOAD SHIPMENTS.—All carload shipments of the following commodities shall be made in car lots of not less than the amount prescribed below unless a different minimum is authorized by special written permission of the United States Food Administrator: *Provided, however,* That when cars of lower carrying capacity are used the maximum load which the car will carry may be used without such permission:

	Pounds.
Canned peas, meats, tomatoes, beans, corn, salmon	60,000
Canned sardines	45,000
Evaporated milk and condensed milk	45,000
(Exception: Milk in barrels may be loaded to floor space capacity, barrels on end.)	
Powdered milk	40,000
Dried beans and peas	60,000
Dried apples, peaches, prunes, and raisins	60,000
Flour (wheat, barley, corn, rye, and rice)	60,000
Syrup (corn, glucose, sugar, molasses) except in barrels or in tank cars	60,000
Syrup (corn, glucose, sugar, molasses) in barrels	Floor space capacity, barrels on end.
Corn meal, corn grits, hominy, oatmeal, rolled oats	60,000
Cornstarch	60,000
(Exception: Starch in barrels shall be loaded to capacity in tiers on end.)	
Rice	60,000

Sugar	60,000
Cured beef, cured pork, cured mutton, lard and lard substitutes, straight or mixed, or mixed with fresh meat	30,000
Green coffee	60,000

NOTES.—This rule does not apply to mixed shipments of commodities that are not grouped in the same classification.

The minimum weight provisions apply to intrastate as well as interstate shipments. These are trade units and not transportation regulations.

Each one of two or more licensees who consolidate their less than carload shipments for carload shipment is obligated to see that the car is loaded to at least the prescribed minimum.

RULE 2. MUST HAVE ONLY 60 DAYS' SUPPLY OF FOOD COMMODITIES.—The licensee shall not, without the written consent of the United States Food Administrator, or his duly authorized representative, keep on hand, or have in possession or under control, by contract or other arrangement, at any time, any food commodities, not sold or contracted to be sold, in a quantity in excess of the reasonable requirements of his business for sale by him during a period of 60 days: *Provided, however,* That this rule shall not prevent the licensee from storing, or having in possession or under control, by contract or other arrangement, any of the following commodities in sufficient quantities to fill his reasonable requirements throughout the period of scant or no production: Canned peas, canned tomatoes, canned corn, canned salmon, canned sardines, dried prunes, dried apples, dried peaches, dried raisins, molasses in bulk, pure maple sugar, pure maple syrup. *Provided,* That this rule shall not prevent any licensee from having a carload of any commodity in transit in addition to a supply thereof sufficient to last until arrival of said carload.

NOTES.—See special rule C-1, governing wheat flour, which prohibits the licensee from having more than 30 days' supply of wheat flour. See also special rule H-5 as to green coffee.

This rule does not prohibit the *storing* of commodities for more than 60 days; a quantity that is not in excess of the reasonable requirements of the licensee's business for more than 60 days may be stored for a longer period than 60 days, if necessary.

This rule applies to food commodities obtained before November 1, 1917, and on hand on that date, as well as to commodities obtained after that date.

The words "any food commodities" in this rule and rules 3 and 4 apply only to the commodities listed at the beginning of the pamphlet.

There must be a *full* carload in transit. It is not a compliance with the last proviso of the rule to place an order for one-fourth or one-half of a carload.

Rule 2 corresponds to general rule 13, series B. It became effective November 1, 1917, and was amended January 28, 1918.

RULE 3. MUST NOT SELL OR DELIVER MORE THAN 60 DAYS' SUPPLY OF FOOD COMMODITIES.—The licensee shall not sell or deliver to any person any food commodities without the consent of the United States Food Administraton if the licensee knows, or has reason to believe, that such a sale or delivery will give to

such person a supply of any such commodities not sold or contracted to be sold, in excess of his reasonable requirements for use or sale by him during the period of 60 days next succeeding such sale or delivery: *Provided, however,* That this rule shall not prevent sales or deliveries to any person of any of the following commodities: Canned peas, canned tomatoes, canned corn, canned salmon, canned sardines, dried prunes, dried apples, dried peaches, dried raisins, molasses in bulk, pure maple sugar, pure maple syrup, in such quantities as will give such person a sufficient supply of such commodities to fill his reasonable requirements throughout the period of scant or no production: *And provided further,* That this rule shall not prevent the sale or delivery of any food commodities to any person for the Federal, State, county or municipal governments, or for the government of any nation at war with Germany, or the sale or delivery of a carload of that commodity to any licensee having on hand only a sufficient supply to last until arrival of said carload.

NOTES.—See special rule C-3, governing wheat flour, which prohibits the licensee from selling or delivering more than 30 days' supply of *wheat flour,* and note under special rule B-3 as to the amount of sugar that may be sold.

Rule 3 corresponds to general rule 14, series B, which became effective November 1, 1917, and was amended January 28, 1918.

RULE 4. CONTRACTS FOR DELIVERY MORE THAN 60 DAYS AHEAD PROHIBITED.—The licensee shall not make or have outstanding at any time any contract for the sale of any food commodities other than canned peas, canned tomatoes, canned corn, canned salmon, canned sardines, dried prunes, dried apples, dried peaches, dried raisins, molasses in bulk, pure maple sugar, pure maple syrup, for shipment or delivery more than 60 days after the making of such contract: *Provided, however,* That this rule shall not apply to contracts with the Federal, State, county or municipal governments or with the government of any nation at war with Germany: *Provided further,* That an importer may sell goods to be imported for delivery on arrival.

This rule shall not affect the validity of contracts enforceable at law made in good faith prior to October 15, 1917.

NOTES.—See special rule C-2, governing wheat flour, which prohibits the making of contracts for the delivery of wheat flour more than 30 days after the making of the contract.

Rule 4 corresponds to general rule 15, series B. It became effective November 1, 1917.

RULE 5. MUST SELL AT REASONABLE ADVANCE OVER AVERAGE PURCHASE PRICE.—The licensee, without regard to market or replacement value at the time of such sale, shall sell the following commodities at not more than a reasonable advance over the average purchase price of all lots of the same grade and size of

the same commodity in his possession or invoiced to him, not contracted to be sold: Wheat flour, mixed and self-rising flour, cleaned rice, rice flour, oleomargarine, lard, lard substitutes, oleo oil, cooking fats, condensed, evaporated or powdered milk, canned or cured beef, pork, or mutton, canned peas, canned dried beans, canned tomatoes, canned corn, canned salmon, canned sardines, dried prunes, dried apples, dried peaches, dried raisins, dried beans, dried peas, rye flour, barley flour, oatmeal, rolled oats, corn grits, corn meal, hominy, corn flour, cornstarch, corn oil, corn syrup, glucose, syrups, molasses, maple sugar, maple compounds, clarified, plantation-washed and open-kettle sugars.

The licensee shall keep a record of the manner in which such average has been arrived at, and he shall take as the cost of all stock remaining on hand from lots already averaged the average cost previously arrived at.

In selling commodities not yet invoiced to him he shall sell at not more than a reasonable advance over the actual purchase price to him of all lots of the same grade and size of the same commodity purchased by him but not yet invoiced to him.

(This rule corresponds to special rules 1 and 2, series B, governing Wholesalers and Retailers. It applies to all the commodities listed on page 46 except green coffee, for which see special rules H, following:)

EXPLANATION.

NOTE.—This rule prohibits speculation in licensed commodities.

The following is an example of the method by which the average cost shall be determined, taking flour as an example:

	Barrels.	Cost per barrel.	Total.
Lot A	20	$10.50	$210.00
Lot B	30	11.00	330.00
Lot C	25	10.75	268.75
	75	....	808.75
Average cost per barrel			10.78
Reasonable advance			.50
			11.28

Suppose that 35 barrels are then sold at $11.28 and 15 barrels purchased at $11. The calculation for further sales will then be made as follows:

	Barrels.	Cost per barrel.	Total.
Barrels remaining on hand from lot previously averaged	40	$10.78	$431.20
Lot D (new purchase)	15	11.00	165.00
	55		596.20
Average cost per barrel			10.84
Reasonable advance			.50
Selling price			11.34

Neither the Food Administration nor any other branch of the Govern-

ment has prescribed uniform cost accounting systems for either wholesale or retail food distributors. The Government has not, therefore, indicated how the licensee, in dealing with a commodity covered by the reasonable profit rule, shall dispose of cartage, interest, or other special charges, but it does expressly forbid the employment of such charges with the purpose, or *with the effect*, of increasing the licensee's profit above his own reasonable prewar level.

The licensee shall not, in calculating cost, include accruals or payments of Federal income, corporation or excess profits taxes.

A wholesaler who also does a retail business is not required to sell to both classes of customers at the same price; and a merchant, if he desires, may make prices in the case of cash sales, or sales upon which he does not have to perform the delivery service, different from his prices when credit is given or delivery made. The test is, are the commodities being sold at not more than a reasonable advance over the average price?

Regarding special discounts to favored customers, see General License Regulations No. I, Rule 5, relating to discriminatory charges. If the consumer does not get the benefit of the discount and the retailer retains it in addition to his allowed profit, then the retailer is selling at an unreasonable advance. The giving of special discounts to favored customers by wholesalers at least tends to cause the wholesaler to sell to other customers at a greater advance than he would if no special discounts to favored customers were given. The United States Food Administration intends to scrutinize all transactions involving special discounts and rebates of every kind given by licensees.

MAXIMUM MARGINS ON SALES BY WHOLESALERS TO RETAILERS.

Commodities.	Maximum margins.
Sugar	15-35 cents per 100 pounds.
Wheat flour	50-75 cents per barrel.
Lard, lard substitutes, bulk (packages of 50 pounds or over)	1¼-2 cents per pound.
Standard hams, bacon	1-2 cents per pound.
All flours (except wheat) Lard and lard substitutes, in packages (less than 50 pounds) Condensed, evaporated milk Blackstrap molasses in barrels	8-10 per cent.
Rice, hominy, grits, oatmeal, rolled oats, corn meal, beans, in bulk (packages of 25 pounds or over)	10-12½ per cent.
Rice, corn meal, hominy, grits, oatmeal, self-rising and prepared flour, and rolled oats, all in packages Corn oil, corn syrup, sugarhouse syrup, mixed sugar and corn syrup, and cottonseed oil.. Standard and extra standard licensed canned peas, tomatoes, corn, and canned dried beans, and pink, chum, and red salmon, and all domestic sardines All licensed dried prunes, apples, peaches, raisins	12-15 per cent.

NOTE.—Percentages should be figured on the wholesaler's selling price. The maximum margin on sugar has been increased to 35 cents per 100 pounds for wholesale grocers and food jobbers who actually perform, as to substantially all the sugar handled by them, the functions of buying, warehousing, selling, and distributing. But this maximum margin is not allowed

where such service is not performed. Margins for sugar dealers are not changed. Rye flour has been transferred to the 8-10 per cent classification. Prepared flours, sugar-house syrup, and mixed sugar and corn syrup, have been placed in the 12-15 per cent classification. All domestic sardines and all grades of licensed dried fruits are now included within the 12-15 per cent classification.

Any gross margins *above delivered cost* upon sales in *unbroken cases* to *retailers* in excess of the foregoing margins will be regarded as *prima facie* evidence of a violation of the statute and the regulations.

In case the licensee breaks original package he may add to his cost the actual cost of such repacking, in no case to exceed 5 per cent.

It should be noted that the above differentials are maximum margins, which must not be exceeded by the wholesaler.

Licensed commodities *not* covered by the above margins shall not be sold at a margin above delivered cost to the wholesaler—average purchase price plus freight to public railway terminal in jobber's city or town—of the particular goods sold which will yield any greater profit than the dealer customarily enjoyed on the same commodity *in the prewar period on an even market under freely competitive conditions.*

High margins, even if customary during prewar period, are *not* justifiable now. Unreasonable margins are not excused by lower margins on other transactions in the same commodity or in other commodities.

The margins named are ample to include all ordinary carrying charges. If general conditions should later necessitate the carrying of goods for a longer period than usual, further consideration will be given to this feature. In determining the cost of dried fruit, the licensee may add to his purchase price not more than one-eighth cent per pound per month on dried fruit *actually* carried in cold storage between May 1 and November 1, not to exceed three-fourths cent per pound, on any particular lot of goods.

Any change from the prewar custom in cash discount terms, cartage, or other charges, which tends to or results in increasing the margin of profit allowed, will be dealt with as an unfair practice.

What Resales Are Justifiable.

(The following applies to all licensees governed by these rules:)

General rule 6 reads as follows: "The licensee, in selling food commodities, shall keep such commodities moving to the consumer in as direct a line as practicable and without unreasonable delay. Resales within the same trade without reasonable justification, especially if tending to result in a higher market price to the retailer or consumer, will be dealt with as an unfair practice."

Service.—Any transactions that savor of trading in which a profit accrues to the dealer without corresponding service, are clear violations of the rule and will subject the offender to revocation of his license and to such other penalty as the law provides. A resale that is in keeping with one of the following principles will be considered lawful under general rule 6:

A. *Continuous service.*—The seller may customarily and continuously serve in less than carload lots wholesale grocers who are serving retail grocers but who are unable for some sufficient and legitimate reason to purchase direct from the source of supply.

B. *Carload buying.*—A wholesaler or jobber may enjoy the benefit of carload rates from distant points and sell to smaller wholesale grocers who are unable to buy the commodity in carload lots.

C. *Warehousing.*—A wholesaler or jobber may continuously and customarily furnish cold storage or other warehousing service and sell to wholesale grocers who have not adequate facilities of that character.

D *Surplus stocks.*—A wholesaler may dispose of surplus stocks bought, not for speculation, but in good faith for the reasonably anticipated

requirements of his business under the rules and regulations and which he finds himself unable to dispose of to his regular customers. The fact that such goods have not been warehoused by such wholesaler will be regarded as prima facie evidence that they were not bought in good faith.

Only one resale permitted.—The distributor who purchases from a wholesaler or jobber must not, under any circumstances, resell the goods in question to a wholesaler or jobber, but must distribute directly to retailers or consumers.

MAXIMUM MARGINS ON RESALES JUSTIFIED BY PERFORMANCE OF ACTUAL SERVICE SPECIFIED IN A, B, C, AND D, ABOVE.

1. *Seller's margins.*—The margin of profit enjoyed by the wholesaler or jobber selling to another wholesaler or jobber shall in no case exceed one-half of the maximum margin named for the particular commodity in the wholesaler's list above. These margins shall include all cartage, storage, interest, and other charges.

2. *Purchaser's margins.*—The distributor who has thus purchased within the trade shall sell the goods so purchased at not more than the lower margin indicated in the list above.

MAXIMUM MARGIN ON OTHER RESALES.

3. On all other resales such as accommodation sales, commonly known in the trade as "pick-ups," only one wholesale profit (as indicated by the above maximum margins) is allowed, but this one allowable profit may be divided between the wholesalers as they determine.

SUGAR RESALES.

Sugar must not be resold except in accordance with special sugar rules 1 and 2, governing wholesale dealers in sugar, immediately following.

NOT REQUIRED TO AVERAGE DIFFERENT BRANDS.

The licensee is not required to average the purchase price of commodities of different brands that are of a proprietary nature, even though the grade and size are the same. He may average, however, if he desires.

B. Refined Sugar.

RULE 1. PROFIT ON SUGAR PURCHASED FROM REFINER.—No wholesale dealer in refined sugar who purchases such sugar from the producer or refiner, direct or through a broker, shall sell such sugar at an advance over the refiner's list price at which he purchased such sugar greater than the normal margin charged by wholesale dealers in refined sugar in the same locality or such margin as may hereafter be established by the Food Administration.

(This rule corresponds to special rule 1, Series B, Governing Wholesale Dealers in Sugar.)

NOTE.—This rule applies to plantation granulated sugar.

RULE 2. PROFIT ON SUGAR OBTAINED FROM OTHER THAN REFINER.—It will be considered an unreasonable practice if two or more wholesale dealers handle the same sugar at a greater total margin than that prescribed by Rule 1. No wholesale dealer or other licensee who purchases refined sugar from any person other than the producer or refiner shall sell such sugar to a retailer or to a person using such sugar in manufacturing at a price representing an advance over the producer's or refiner's list price on the day of such sale greater than the advance allowed by the preceding rule to a wholesale dealer in the locality where such sale occurs.

(This rule corresponds to special rule 2, Series B, Governing Wholesale Dealers in Sugar.)

RULE 3. RETAIL SALES MUST BE MADE AT NOT MORE THAN REASONABLE ADVANCE OVER COST.—The licensee shall sell sugar at retail at not more than a reasonable advance over the actual purchase price of the particular goods sold, without regard to the market or replacement value at the time of such sale.

WHOLESALE GROCERS AND JOBBERS—MARGINS.

See schedule of margins under special rule A-5.

RETAIL DEALERS, LICENSED AND UNLICENSED—MARGINS.

The Food Administration has not the power to license retailers doing a business of less than $100,000 a year, but they are nevertheless subject to the other provisions of the statute, including those as to hoarding, speculation, combination, and excessive profits.

The United States Food Administration regards 1 cent a pound as the reasonable margin on sugar sold at retail.

RESTRICTION ON QUANTITIES OF SUGAR TO BE SOLD.

Wholesale grocers should exercise great care, according to the demands of the retailer, and should not sell sugar in quantities in excess of 300 to 1,000 pounds at a time to a buyer. Sugar should not be shipped without a positive order from the buyer. Wholesale grocers should use every precaution at their command to prevent duplication of sales which may give to a retailer the opportunity to have more sugar than is necessary for conservative distribution.

Retailers: Sugar should be sold to town and city consumers in not more than 2 to 5 pound quantities; to farm and rural customers in not more than 5 to 10 pound quantities.

The Federal Food Administrator in each State may grant exceptions to the above rule concerning the quantities which wholesale and retail grocers may sell to any customer at one time. The Federal Administrator in each State may make such exceptions in accordance with the facts presented to him by the dealer desiring such privilege to sell sugar in quantities larger than above stated and the administrator should at once report such exceptions to the Distribution Division of the Food Administration at Washington. In no case, however, may sugar be sold in such quantities as to result in hoarding.

Retailers may sell consumers sugar in quantities sufficient for home canning purposes by obtaining a prescribed certificate that the sugar is to be used for such purpose and that any surplus will be returned. For further information consult your Federal Food Administrator.

Mail-order houses may offer sugar for home canning in 25-pound lots, using the above-mentioned certificate plan.

ADVERTISING.

The Food Administrator does not approve of advertisements of sugar naming special prices, deals, schemes or other inducements that would tend to lead the consumer to purchase sugar in quantities larger than his ordinary requirements, and we ask that such advertisements be discontinued.

The Food Administration does not object to advertisements directing attention to a particular brand, style or quality of sugar.

RULE 4. SUGAR TO BE DISTRIBUTED EQUITABLY.—The wholesaler and retailer shall distribute sugar equitably among his customers,

so that no one of such customers receives more than his fair share of the sugar which may then be available for distribution. He shall not sell sugar to individual consumers residing in towns or cities in more than 2-pound lots, nor to individual consumers in rural or farm communities in more than 5-pound lots, without the written permission of the Federal Food Administrator of his State, provided that without such permission, additional sugar may be delivered for home canning upon the purchaser complying with such requirements as may be issued by the Federal Food Administrator for the State in question.

RULE 5. SUGAR TO BE DELIVERED BY WHOLESALERS ONLY UPON RECEIPT OF SUGAR DISTRIBUTION CERTIFICATES.—On and after July 1, 1918, the wholesaler or jobber shall not ship or deliver sugar to any person whomsoever until he has received from such purchaser a certificate or certificates issued by a Federal Food Administrator to some retailer, public eating place, manufacturer, baker or other person in his State, certifying that the total amount of sugar to be sold or delivered upon such certificate will not give the person to whom issued more than his fair share of the sugar then available for distribution in the United States. Such certificate shall not be valid unless indorsed by the person to whom issued and also by any other person through whose hands it has passed.

NOTE.—This rule applies to all deliveries by wholesalers and supersedes former rule 5, effective May 15, which required certificates only in delivering to manufacturers. This rule applies to all deliveries, whether contracts therefor were made before July 1 or not. It applies to all types of cane and beet sugar without exception.

RULE 6. SUGAR TO BE DELIVERED BY RETAILERS TO PUBLIC EATING PLACES, MANUFACTURERS, AND BAKERS ONLY ON RECEIPT OF SUGAR DISTRIBUTION CERTIFICATES.—On and after July 1, 1918, a retailer shall not ship or deliver sugar to any person operating a public eating place, or operating a boarding house or institution serving regularly 25 persons or more, or engaged in the business of manufacturing, bottling, packing, or preparing products (including bakery products) in which sugar is used until he has received from such purchaser a certificate or certificates duly indorsed by the buyer and issued to the buyer by the Federal Food Administrator for the State in which the buyer is located, certifying that the total amount of sugar to be sold or delivered will not give the buyer more than his fair share of the sugar then available for distribution in the United States.

NOTE.—The retailer may deliver without a "Sugar Distribution Certificate" to individual consumers complying with any agreement made by him in obtaining his own certificate from the Federal Food Administrator in his State.

RULE 7. WHOLESALER AND RETAILER TO BUY ONLY ON PRESENTING CERTIFICATES, AND TO USE SUGAR IN THEIR OWN MANUFACTURING ONLY UPON OBTAINING MANUFACTURERS' CERTIFICATES.—The wholesaler or retailer shall not, after July 1, 1918, use sugar in the manufacturing, bottling, packing, or preparation of any other product until he has obtained from the Federal Food Administrator of the State where such product is manufactured or prepared, certificates that the total amount of sugar to be so used will not exceed his fair share of the sugar then available for distribution. He shall use no sugar in excess of the amount called for in the certificates issued to him. He shall not buy sugar for any purpose without turning in certificates issued to him or turned in to him by other persons upon deliveries of sugar for the amount purchased.

NOTE.—This rule supersedes former rule 7, effective May 15, 1918.

C. Wheat Flour.

Mixed flour that consists of more than 50 per cent wheat flour is considered to be wheat flour for the purpose of these rules except rules 8, 10 and 12.

RULE 1. FLOUR SUPPLY LIMITED TO 30 DAYS' REQUIREMENTS.—No licensee dealing in wheat flour shall keep on hand or have in his possession at any time any such flour in a quantity in excess of the reasonable requirements of his business for use or sale by him during the period of 30 days, provided that this rule shall not prevent any licensee from having on hand not to exceed a carload of such flour.

NOTE.—This rule corresponds to special rule 6, Series B, Governing Dealers in Wheat Flour.

It is not necessary to dispose of any particular quantity of flour within 30 days after it is received. The rule is complied with if at any given time there is on hand a supply not in excess of reasonable requirements during the period of 30 days next ensuing, and orders may be placed so that the permitted stock may be maintained.

RULE 2. CONTRACTS FOR DELIVERY OF FLOUR MORE THAN 30 DAYS AHEAD PROHIBITED.—No licensee dealing in wheat flour shall make or have outstanding at any time any contract for the sale of wheat flour except such contracts as require shipment or delivery within 30 days after the making of such contracts: *Provided, however*, That this rule shall not apply to contracts with the Federal Government, or with the government of any nation at war with Germany.

(This rule corresponds to special rule 7, Series B, Governing Dealers in Wheat Flour.)

RULE 3. MUST NOT SELL OR DELIVER MORE THAN 30 DAYS' SUPPLY OF FLOUR.—No licensee dealing in wheat flour shall deliver

any such flour to any person knowing that such delivery will give such person a supply thereof in excess of his reasonable requirements for use or sale by him during the period of 30 days next succeeding the delivery thereof: *Provided,* That this rule shall not prevent a licensee from selling or delivering to another licensee a carload of such flour.

(This rule corresponds to special rule 8, Series B, Governing Dealers in Wheat Flour.)

RULE 4. MUST USE PRESCRIBED FLOUR CONTRACT FORM.—The licensee shall not sell any wheat flour in quantities of 25 barrels or more except by signed contract in the form prescribed below. The licensee shall not sell wheat flour in quantities less than 25 barrels without stipulating that the terms of the contract prescribed below shall prevail.

(This rule corresponds to special rule 9, Series B, Governing Dealers in Wheat Flour.)

Form of Contract Referred to in Rule C-4.

Contract No..... Date.....19....
.....,of
.....sell, and
.....
of.....buy, the
following articles, on the terms and conditions stated below:
Time of
{ Shipment.....
{ Delivery within.....
Shipment or delivery periods to be.....
Destination .....
Routing .....
Terms payment..... Draft, through.....
Bank of.....

No. of packages.	Size.	Kind.	Brand.	Price.	Give rate basis, destination, or place of delivery.

TERMS AND CONDITIONS.

(1) *Food Administration regulations.*—It is understood and agreed that the buyer and seller shall conform to all regulations promulgated by the United States Food Administration.

(2) *Net weights.*—Flour shall be sold upon the basis of net weights when packed, and the determining factor as to weight shall be a moisture content not in excess of Government allowance.

(3) *Contract not subject to change.*—It is understood that there are no conditions, representations, or warranties, verbal or otherwise, and that there shall be no assignment or cancellation of this contract, except as

herein stated, and no agent or representative has authority to modify the printed terms of this contract.

(4) *Shipment within 30 days.*—It is understood and agreed that the above order shall be shipped or delivered as specified within 30 calendar days, dated from time when the order is taken.

(5) *Nonextension of time.*—There shall be no extension of the time of shipment or delivery under this contract, except as herein specified.

(6) *Buyer's nonfulfillment of contract.*—If the buyer shall refuse to accept any shipment or delivery as specified hereunder, or fail to file with the seller within 15 days of the date of the order, shipping instructions permitting the seller to ship at his option within the remaining period of the contract, or to perform any of the terms of this agreement, then the seller may, at its option, and upon due notice to the buyer, cancel this contract and the buyer shall pay to the seller an entry charge of 25 cents per barrel on flour and 50 cents per ton on feed. The seller may pursue such other remedies as the law may provide. On the refusal or neglect by the buyer to accept any shipment or delivery as specified hereunder and (or) to perform any of the terms of this agreement the seller may treat such refusal or neglect as a breach of the entire contract, for which the seller is entitled immediately to avail himself of any rights in this contract specified; but, except for reason or reasons specified herein, if the shipment or delivery as specified is not executed within 30 days from date of contract, it shall be canceled, and payment of charges above specified shall be made by the buyer to the seller.

(7) *Seller's nonfulfillment of contract.*—If the seller shall fail (except for the reasons herein specified) to make any shipment or delivery as specified within the time indicated by this contract, then the buyer may, at his option, cancel the shipment or delivery, and in event of such default the seller shall, upon demand, pay to the buyer the sum of 25 cents per barrel on flour, and 50 cents per ton on feed, and the buyer may pursue such other remedies as the law provides.

(8) *Exceptions to seller's responsibility.*—For delay in making shipment or delivery as specified, occurring through the fulfillment of Government contracts, or through fire, strikes, or labor difficulties, or failure of governmental agencies to supply wheat, acts of carriers, or similar causes beyond the control of the seller, the seller is not responsible.

(9) *Package differentials.*—Both buyer and seller agree herewith to accept the basis of package differentials specified on the back hereof.

....., *Seller.*

By .....

....., *Buyer,*

By .....

Wheat Conservation Rules.

The following wheat conservation rules, which correspond to special rules 23, 27, 28, 29, 30, 31 and 32, Series B, governing wholesalers and retailers of wheat flour, are promulgated for the purpose of assuring an adequate supply and equitable distribution of wheat flour for purposes essential to the national security and defense and to the successful prosecution of the war. Under existing conditions, the unrestricted distribution of flour is deemed to be clearly an unjust, unreasonable, and wasteful practice.

Rule 5. Wheat flour not to be sold or used for purposes other than human consumption.—No licensee shall sell, use, or deliver to any person wheat flour of any grade for any purpose

other than the manufacture of human food, except by special written permission of the United States Food Administrator.

NOTE.—Requests for such permission shall be made to the United States Food Administration, Distribution Division, Washington, D. C., stating specifically amounts of, and purposes for which, such flour is to be used.

RULE 6. WHOLESALERS MUST REDUCE PURCHASES OF WHEAT FLOUR 30 PER CENT.—The licensee dealing in wheat flour at wholesale shall not, without the written permission of the United States Food Administrator, purchase for delivery to him during the three months' period from February 1 to April 30, and May 1 to July 31, in 1918, more than 70 per cent of his normal requirements of flour for such period. The amount of purchases made in the corresponding three-months periods in 1917 will be regarded as prima facie evidence of such normal requirements.

NOTE.—In calculating wheat flour for the purpose of this rule and rule 7 the licensee shall include the wheat flour contained in mixed flours of any kind which he may handle.

RULE 7. MUST DISTRIBUTE FLOUR EQUITABLY.—The licensee dealing in wheat flour at wholesale should distribute the 70 per cent of his requirements, purchased in accordance with rule 6, through his customary markets and channels of distribution in such manner that each of his customers receives his fair share thereof, and that during the three-month periods from February 1, 1918, to April 30, 1918, and from May 1, 1918, to July 31, 1918, no town, city, State, or district receives from the licensee more than 70 per cent of the amount it received in the corresponding three-month period in the year 1917. He shall not seek new markets or channels of distribution, and sales of large quantities to new customers will be regarded prima facie as a violation of this rule.

NOTE.—See note to rule 6 regarding mixed flours.

RULE 8. RETAILERS OR CONSUMERS MUST BUY WHEAT-FLOUR SUBSTITUTES FROM LICENSEE OR ELSEWHERE.—The licensee dealing in wheat flour at wholesale shall not, without the written permission of the United States Food Administration, ship or deliver such flour to any retailer or consumer unless the buyer purchases at the same time, or the licensee satisfies himself that the buyer has purchased, 1 pound of wheat-flour substitutes for every pound of wheat flour purchased, or, in the case of whole wheat or graham flour containing at least 95 per cent of the entire wheat, 3 pounds of wheat-flour substitutes for every 5 pounds of such whole wheat or graham flour purchased.

Wheat-flour substitutes for the purpose of this rule and rules 9, 12 and 13, shall include hominy, corn grits, corn meal, corn

flour, edible cornstarch, barley flour, rolled oats, oatmeal, rice, rice flour, buckwheat flour, potato flour, sweet potato flour, soya bean flour, milo, kaffir, and feterita flours and meals.

RULE 9. RETAILERS AND CONSUMERS REQUIRED TO BUY SUBSTITUTES WITH MIXED FLOUR FROM LICENSEE OR ELSEWHERE.—No licensee manufacturing or distributing at wholesale mixed flour containing more than 50 per cent of wheat flour shall, without the permission of the United States Food Administrator, sell or deliver any such mixed flour to the retailer or consumer thereof, unless the buyer purchases at the same time or the licensee satisfies himself that the buyer has purchased an amount of wheat-flour substitutes sufficient to make the total amount of such substitutes, including the substitutes in the mixed flour, equal to the total amount of wheat flour in such mixed flour.

RULE 10. BAKERS MUST BE REQUIRED TO BUY SUBSTITUTES FROM LICENSEE OR ELSEWHERE.—The licensee dealing in wheat flour at wholesale shall not, on and after April 14, 1918, ship or deliver to any person engaged in the business of baking bread or rolls, any wheat flour except whole-wheat flour unless the buyer purchases at the same time or the licensee satisfies himself that the buyer has purchased 1 pound of wheat-flour substitutes for every 3 pounds of wheat flour purchased.

Wheat-flour substitutes for the purpose of this rule and rule 11 shall include bran, shorts and middlings, corn flour, corn meal, edible cornstarch, hominy, corn grits, barley flour, rolled oats, oatmeal, rice, rice flour, buckwheat flour, potato flour, sweet potato flour, milo, kaffir and feterita flours and meals, soya bean flour, peanut flour, tapioca or cassava flour, taro flour, banana flour, and other products of a similar nature which may be used in baking.

Graham or whole-wheat flour containing 25 per cent of bran, shorts, or middlings may be sold to persons manufacturing bakery products without substitutes, but if it contains less than 25 per cent it must only be sold with an amount of wheat-flour substitutes which, added to the bran, shorts and middlings contained in the graham or whole-wheat flour (everything over 75 per cent extraction) will equal the total amount of substitutes required.

Potatoes may be sold to persons manufacturing bakery products as a wheat-flour substitute in the proportion of 4 pounds of potatoes in place of 1 pound of other substitutes.

NOTE TO RULES 8 AND 10.—A written statement from the buyer that he has purchased a given quantity and kind of wheat flour substitutes, not balanced by other purchases of wheat flour, may be accepted as satisfactory evidence of the facts stated.

Attention is called to the fact that the list of substitutes set forth in special rule 10 applicable to sales to bakers of bread and rolls is more com-

prehensive than the list of substitutes set forth in special rule 8 applicable to sales to dealers or consumers. Bran, shorts, and middlings, and several other commodities that are not contained in the list for dealers and consumers are contained in the list for bakers. "Other products of a similar nature" may also be sold to bakers, and wide latitude is permissible in extending the list.

For the purpose of sales to dealers or consumers substitutes are none other than those designated in the list set forth in special rule 8. "Other products of a similar nature" are *not* to be included. Only products specifically mentioned are to be included. For example:

"Hominy" does not include *canned hominy.*
"Barley flour" does not include *barley.*
"Rice" does not include *puffed* rice.
"Rice flour" does not include *rice polish.*
"Corn grits" does not include *corn flakes.*
"Rolled oats" does not include "*fruited oats.*"
"Barley flour" does not include *barley grits.*

Rule 8 specifies certain commodities that, for the purposes of that rule, are wheat-flour substitutes to be sold to retailers and consumers with wheat flour. Wheat-flour substitutes may be sold in cartons or in any other form, and under trade names.

In reply to inquiries as to whether certain preparations of food commodities, such as Jones's Health Bran, Smith's Fruit Oats, Brown's Corn Chips, etc., are wheat-flour substitutes, we can only say that they are substitutes if they are included in the list contained in the above rules. There are innumerable brands of cereal foods; the Food Administration is not familiar with the ingredients contained in many of them. Licensees proposing to sell such preparations as wheat-flour substitutes must assume the responsibility of determining whether or not they are complying with the rules and regulations.

If a licensee submits a statement of the exact ingredients, with percentages thereof, and process of manufacture, of a particular cereal food a ruling will be made as to whether or not that particular commodity may be sold as a wheat-flour substitute.

The wheat-flour substitutes listed are intended to include only substitutes edible by human beings, and unbolted corn meal, hominy, and other products which are suitable only for cattle feed may not be sold or counted as wheat-flour substitutes.

Red dog feed is considered a substitute under rule 10.

Rules 8 and 10 must be observed in making deliveries on contracts entered into prior to January 28, 1918, since the rules provide that the licensee shall not sell or deliver wheat flour except in accordance with the requirements of the rule.

A licensee in selling or delivering wheat flour to any Federal, State, county, or municipal institution, such as a penitentiary, asylum, hospital, or university, college, or school, or to any private hospital, asylum, sanatorium, university, college, or school, whether charitable or noncharitable, must require the purchaser to buy (or satisfy himself that the purchaser has bought elsewhere) at least 1 pound of wheat-flour substitutes for every 3 pounds of wheat flour purchased to be used in baking bread or rolls, and at least 1 pound of wheat-flour substitutes for each pound of wheat flour purchased for other purposes: *Provided,* That exceptions may be made by Federal food administrators as to hospitals, asylums, and sanatoriums upon written statement of the physician in charge that the health of patients requires a larger allotment of wheat flour than that specified above.

Licensees in selling or delivering wheat flour to ships must conform to the following:

The licensee shall not sell or deliver wheat flour to a ship, whether freight or passenger, under the American flag or to a foreign freight or passenger ship, unless the purchaser buys at the same time, or the licensee satisfies himself that the purchaser has bought since January 28, 1918, 1 pound of wheat-flour substitutes for every 3 pounds of wheat flour bought to be used in baking bread or rolls, and 1 pound of wheat-flour substitutes for each pound of wheat flour bought for other purposes: *Provided,* That if the ship uses 3 or more barrels of flour and meal a month and has not obtained a baking license or applied for the same, the licensee shall require the purchaser to buy, or satisfy himself that the purchaser has bought since January 28, 1918, 1 pound of wheat-flour substitutes for each pound of wheat flour bought, whether or not it is to be used in baking bread.

The buyer of wheat flour is not entitled to any credit for purchases of wheat-flour substitutes made prior to January 28, 1918, the date on which the rules became effective. If the buyer does not purchase the designated quantity of substitutes from the licensee the licensee must satisfy himself that the buyer has purchased the designated quantity on or after January 28, 1918.

Bakers, including hotels, restaurants, and boarding houses, who use less than 3 barrels of flour and meal a month are not required to obtain a baking license. However, such a baker *may* obtain a license and subject himself to the rules and regulations governing baking licensees. If he does so, he thereupon shall become entitled to purchase wheat flour to be used in baking bread or rolls on the basis of 1 pound of substitutes for every 3 pounds of wheat flour. If he does not subject himself to license, he must purchase, or satisfy the dealer in wheat flour that he has purchased elsewhere, 1 pound of substitutes for each pound of wheat flour purchased.

A licensee is not required to sell or deliver wheat flour substitutes when selling or delivering wheat flour to churches to be used in the observance of religious rites that require the use of pure wheat flour.

A licensee selling out his business must require the purchaser, if wheat flour is included in the goods sold, either to buy the designated quantity of wheat flour substitutes, or the licensee must satisfy himself that the purchaser has bought the designated quantity on or subsequent to January 28, 1918.

Licensees in selling or delivering gluten flour must require the purchaser to purchase the required quantities of wheat flour substitutes, except in selling or delivering gluten flour containing not less than 40 per cent gluten to a person engaged in the business of manufacturing for sale gluten bread or other products made entirely from such flour.

RULE 11. BAKERS REQUIRED TO BUY SUBSTITUTES WITH MIXED FLOUR FROM LICENSEE OR ELSEWHERE.—The licensee manufacturing or distributing at wholesale mixed flour containing more than 75 per cent of wheat flour shall not on and after February 24, 1918, sell or deliver to any person engaged in the business of baking bread or rolls any such flour, unless the buyer purchases at the same time or the licensee satisfies himself that the buyer has purchased 1 pound of wheat-flour substitutes for every 3 pounds of such flour purchased. Mixed flour containing less than 75 per cent of wheat flour may be sold to persons engaged in the business of baking bread or rolls without wheat substitutes.

RULE 12. RETAILERS MUST SELL SUBSTITUTES.—The licensee dealing in wheat flour at retail shall not, without the written

permission of the United States Food Administrator, sell wheat flour to any person unless such person purchases from him at the same time 1 pound of wheat flour substitutes for every pound of wheat flour purchased, or in case of whole wheat or graham flour containing at least 95 per cent of the entire wheat, six-tenths of a pound of wheat flour substitutes for every pound of such whole wheat or graham flour purchased.

RULE 13. RETAILERS OF MIXED FLOUR REQUIRED TO SELL SUBSTITUTES.—The licensee dealing in mixed flour at retail shall not, without the written permission of the United States Food Administrator, sell mixed flour containing more than 50 per cent of wheat flour to any person, unless such person purchases from him at the same time an amount of wheat-flour substitutes sufficient to make the total amount of such substitutes, including substitutes in the mixed flour, equal to the total amount of wheat flour in such mixed flour.

RULE 14. AMOUNT OF WHEAT FLOUR THAT MAY BE SOLD TO INDIVIDUAL CONSUMERS LIMITED.—The licensee dealing in wheat flour at retail should distribute the flour which he receives as equitably as possible among his customers in such manner that no one of such customers shall receive more than his fair share thereof. He shall not, without the written permission of the United States Food Administrator, sell or deliver to individual consumers residing in towns or cities in quantities in excess of 25 pounds, nor to any individual consumer in rural or farm communities in quantities in excess of 50 pounds.

D. Corn Grits, Corn Meal, Hominy, Corn Flour, Refined Grits, Rye Flour, and Barley Flour.

RULE 1. SALES CONTRACT MUST CONTAIN PRESCRIBED TERMS.—The licensee shall not sell corn meal, grits, corn flour, hominy, or refined grits in carload lots except spot sales for cash or upon the terms contained in the form of contract prescribed below. Discount for cash may be allowed by mutual agreement between the parties. *Provided, however,* That this rule shall not apply to sales made to any person for the Federal, State, county, or municipal governments, or for the government of any nation at war with Germany.

NOTE:—In Rule 1, supra, it is provided that the licensee shall not sell cornmeal, grits, corn flour, hominy, or refined grits in carload lots, except such sales for cash are upon the terms contained in the form of contract that is set out in the rule. The minimum loading prescribed by the Food Administration for carload lots of such products is 60,000 pounds and licensees selling 60,000 pounds or more of such products must conform to the rule in cases where delivery is made by wagon or truck as well as in cases where the products are shipped by rail.

FORM OF CONTRACT REFERRED TO IN SPECIAL RULE D-1.

Contract No..... .....19....
..... of
.....
sell and.....
buy the following articles on the terms and conditions stated below:
Time of shipment.....
Shipment periods to be.....
Routing..... Destination.....
Terms: Cash, sight draft, demand draft, or arrival draft.
Discount for cash.....
Bank of.....

No. of packages.	Size.	Kind.	Brand.	Price sacks included.	Give rate basis, destination, or place of delivery.

..... *Buyer.*
..... *Seller.*

TERMS AND CONDITIONS.

(1) *Food Administration regulations.*—It is understood and agreed that the buyer and seller shall conform to all regulations promulgated by the United States Food Administration.

(2) *Net weights.*—Corn meal, grits, and corn flour, corn hominy, and refined grits shall be sold upon the basis of net weights when packed and the determining factor as to weight shall be moisture content not in excess of Government allowance.

(3) *Contract not subject to change.*—It is understood that there are no conditions, representations, or warranties, verbal or otherwise, and that there shall be no assignment or cancellation of this contract, except as herein stated, and no agent or representative has authority to modify the printed terms of this contract.

(4) *Shipment within 60 days.*—It is understood and agreed that the above order shall be shipped as specified within 60 calendar days, dating from time when order is taken.

(5) *Nonextension of time.*—There shall be no extension of time of shipment under this contract except as herein specified.

(6) *Buyer's nonfulfillment of contract.*—If the buyer shall refuse to accept any shipment as specified hereunder or fail to file with the seller specifications with the order for immediate, quick, or prompt shipment or within 15 days of time of shipment, if sold for later than prompt shipment, or to perform any of the terms of this agreement, then the seller may at its option and upon due notice to the buyer cancel this contract, and the buyer shall pay to the seller an entry charge of 2½ per cent on corn products plus the actual market difference. The seller may pursue such other remedies as the law may provide. On the refusal or neglect by the buyer to accept any shipment made in compliance with the contract as specified hereunder or to perform any of the terms of this agreement, the seller may treat such refusal or neglect as a breach of the entire contract for which the seller is entitled immediately to avail himself of any rights in this contract specified; but, except for reason or reasons specified herein,

if the shipment as specified is not executed within 60 days from date of contract, it shall be canceled and payment of charges above specified shall be made by the buyer to the seller.

(7) *Seller's nonfulfillment of contract.*—If the seller shall fail (except for reasons herein specified) to make any shipment as specified in accordance with the terms of the contract within the time indicated by this contract, then the buyer may at his option cancel the shipment and in the event of such default the seller shall upon demand pay to the buyer entry charge of 2½ per cent on corn products plus the actual market difference and the buyer may pursue such other remedies as the law provides.

(8) *Exceptions to seller's responsibility.*—For delay in making shipment as specified, occurring through the fulfillment of Government contracts, or through fire, strikes, or labor difficulties, acts of carriers, car supply, or similar causes beyond the control of the seller, the seller is not responsible.

RULE 2. PACKAGES SOLD MUST BE OF PRESCRIBED SIZE.—The licensee shall not sell corn meal, corn grits, or hominy after April 1, 1918, for domestic use in the United States, except in packages containing 1½ pounds, 3 pounds, 5 pounds, 10 pounds, 25 pounds, 50 pounds, or 100 pounds net weight, without special permission in writing from the United States Food Administration.

NOTE.—This rule corresponds to special rule 21, Series B, Governing Dealers in Corn Meal, Corn Grits, and Hominy. It applies only to commercial packages put up by manufacturers or wholesalers, and not to sales by retailers.

RULE 3. SPECIFICATIONS FOR HOMINY, GRITS, CORN MEAL, AND CORN FLOUR.—On and after August 1, 1918, the licensee shall not knowingly quote, sell, or label products of corn under the following designations unless the products conform to the specifications indicated thereunder. In cases where the licensee, after an inspection of the goods, has no reason to suspect a failure to conform to specifications, he shall not be held to violate this rule if he quotes or sells products under the designation used by the miller in selling to him.

Pearl, or table hominy: Shall be degerminated hulled corn, screened or dusted over a No. 10 wire cloth or 5/64-inch perforated metal, and shall not contain more than 14 per cent moisture and 1 per cent fat, by ether extraction.

Coarse table grits: Shall be made from hominy or clean, sound corn, ground and screened through No. 12 wire cloth and dusted over No. 16 wire cloth, and shall contain not more than 14 per cent moisture and 1½ per cent fat, by ether extraction.

Medium table grits: Shall be made from hominy or clean, sound corn, ground and screened through No. 14 wire cloth and dusted over No. 20 wire cloth, and shall contain not more than 14 per cent moisture and 1½ per cent fat, by ether extraction.

Fine table grits: Shall be made from hominy or clean, sound corn, ground and screened through No. 16 wire cloth and dusted

over No. 28 wire cloth, and shall contain not more than 14 per cent moisture and 1½ per cent fat, by ether extraction.

Cream meal: Shall be made from hominy or grits, screened through No. 22 wire cloth and dusted over No. 72 grits gauze, and shall contain not more than 14 per cent moisture and 1½ per cent fat, by ether extraction, or 12½ per cent moisture and 2¼ per cent fat.

Corn flour: This shall be made from hominy, grits, or cream meal, and shall be of a texture fine enough so that not less than 75 per cent will sift through No. 9XX bolting silk and balance shall sift through No. 72 grits gauze; shall be of an even color, and shall contain not more than 13½ per cent moisture and 1½ per cent fat, by ether extraction, or 12½ per cent moisture and 2 per cent fat.

Standard meal: Shall be made from clean, sound corn, with approximately 10 per cent of feed removed and approximately 45 per cent of cream meal or grits extracted, and if sold for export shall contain not more than 9 per cent moisture.

Pearl meal: Shall be made from clean, sound corn, with approximately 15 per cent of the bran and germ removed, and shall contain not more than 11 per cent moisture and 3 per cent fat, by ether extraction.

Bolted meal: Shall be made from clean, sound corn with approximately 5 per cent of bran and germ removed, and if sold for export shall contain not more than 9 per cent moisture.

"Old-fashioned," or "water-ground meal": Shall be clean, sound corn, ground to a "soft" meal, and if sold for export shall contain not more than 9 per cent moisture.

The texture of products shall be determined by sifting with hand sieves clothed with the cloth specified, which shall be the standard bolting cloths now in use, whether of woven wire, grits gauze, or bolting silk.

The analyses of products for moisture, fat, carbohydrates, fiber, ash, or other quality or content shall be made by the official methods of the American Association of Agricultural Chemists.

NOTES.—These specifications became effective for corn millers on July 1, 1918.

The moisture content for hominy, grits, cream meal, and corn flour has been placed at the outside limit, and is not intended to limit contracts expressly providing for a lower moisture content. Exporters customarily require one-half per cent lower than the above limitations, and many domestic buyers also properly demand the lower maximum. The Food Administration has fixed the maximum at the higher level with a view to protecting the smaller millers with less complete equipment engaged in local trade in which durability is not so essential. Jobbers should note the advisability of requiring the lesser maximum in protecting their customers and their own trade.

RULE 4. CORN PRODUCTS MUST ARRIVE IN GOOD CONDITION.—The licensee shall ship all corn products in such condition that except for circumstances beyond the control of the shipper they shall arrive at destination point in the United States cool and sweet and in merchantable condition, unless there is an express agreement in writing to the contrary.

E. Dried Beans and Dried Peas.

RULE 1. FUTURE DEALING IN NEW CROP BEANS PROHIBITED.—The licensee shall not buy or sell new crop dried beans grown in the United States of America, except for seed, before September 1 of the year covering such new crop.

NOTE.—This rule does not prohibit a licensee from guaranteeing a certain price for a crop to be planted; however, sales against such an arrangement can not be made before September 1.

RULE 2. FUTURE DEALING IN NEW CROP PEAS PROHIBITED.—The licensee shall not buy or sell new crop dried peas grown in the United States of America, except for seed, before July 1 of the year covering such new crop.

NOTE.—While this rule permits the guaranteeing of a price for a crop, no sales can be made by the licensee before July 1.

RULE 3. CONTRACTS FOR DELIVERY OF IMPORTED BEANS OR PEAS BEYOND 60 DAYS AFTER ARRIVAL PROHIBITED.—The licensee shall not make any contract for the sale of imported dried beans or dried peas for shipment or delivery more than 60 days after arrival in the United States, except for seed and excepting contracts with the Federal, State, county, or municipal governments, or for the government of any nation at war with Germany.

NOTE.—Sales of domestic beans or peas are subject to Special Rule A-4.

RULE 4. PERMISSION REQUIRED TO CAN IN TIN-PLATE CONTAINERS.—The licensee shall not sell any dried beans or dried peas knowing or having reason to believe that they are to be canned in tin-plate containers, unless he obtains a special permit from the United States Food Administrator.

RULE 5. QUOTATIONS BY POUND.—The licensee shall quote, buy, and sell all dried beans and dried peas by the pound.

NOTE.—This rule applies to dried beans and dried peas which are held for seeding purposes, and which are sold in commercial lots, but does not apply to sales of seed by wholesalers or retailers in the customary small seed packages or bags.

RULE 6. PROMPT UNLOADING REQUIRED.—The licensee shall not, without reasonable justification, refuse to accept and unload promptly any dried beans or dried peas purchased by him.

RULE 7. GRADE MUST EQUAL CONTRACT REQUIREMENTS.—The licensee shall not knowingly ship dried beans or dried peas which

are not equal to the grade, quality, or condition called for in the contract of sale.

NOTE.—The above rules correspond to the special rules, Series B, governing dealers in dried peas and dried beans.
"Dried beans" includes "dried lima beans."

Profit on Imported Beans or Peas.

A merchant importing dried beans or dried peas may sell such commodities at a gross margin above c. i. f. cost not exceeding 10 per cent, provided such merchant actually furnishes the credit for the particular importation in question; a merchant is not considered an importer of these commodities unless he furnishes credit or does his own buying in foreign countries.

F. Dried Fruits.

RULE 1. NEW-CROP FRUITS THAT ARE NOT AVAILABLE FOR SPOT DELIVERY NOT TO BE BOUGHT OR SOLD BEFORE JULY 15.—The licensee, prior to July 15 of the year in which new crop fruits are to be grown and packed, shall not buy, contract to buy, offer for sale, or have outstanding any contract of sale or any commitment for sale of new-crop fruits not available for spot delivery. A commitment shall include all tentative or conditional orders whether definite prices are named or not.

NOTE.—This rule and the following rule correspond to Rules 4 and 5, Series B, Supplement 28, which became effective May 7, 1918, and were amended to their present form May 24, 1918.

RULE 2. FACING OF PACKAGES PROHIBITED.—The licensee shall not face or cause to be faced any licensed dried fruits in any package. Such facing shall be regarded as a wasteful practice.

G. Canned Peas, Canned Corn, Canned Tomatoes, Canned Salmon, and Canned Sardines.

RULE 1. CANNED GOODS NOT TO BE QUOTED BEFORE FEBRUARY 1.—The licensee shall not quote for future delivery any canned peas, canned corn, canned tomatoes, canned salmon, or canned sardines before February 1 of the year when such products are to be canned.

(This rule corresponds to Special Rule 3, Series B, Supplement, page 6, Governing Wholesalers and Retailers.)

H. Green Coffee.

NOTE.—Under the President's proclamation of January 30, 1918, which requires all persons, firms, corporations, and associations engaged in the business of importing or distributing green coffee to obtain a license, the following classes must obtain licenses and observe the rules and regulations governing licensees:

Persons, etc., importing green coffee, whether or not they roast it before disposing of it.

Wholesalers, jobbers, roasters, and all others who buy or otherwise deal in green coffee, whether or not they roast it before disposing of it.

Retailers who buy or otherwise deal in green coffee, whether or not they roast it before disposing of it, whose total gross sales of all food or feed commodities exceed $100,000 a year.

Brokers.

In other words, all persons, firms, corporations, and associations who import, and all others (except retailers whose gross sale of food or feed commodities do not exceed $100,000 a year), who buy or otherwise deal in or handle green coffee, are required to obtain a license.

RULE 1. LICENSEES ENTITLED TO REASONABLE PROFIT.—The licensee in any sale of green coffee shall take no more than a reasonable profit for such sale over the average cost of his stock on hand or under contract, not at that time contracted to be sold, and in arriving at the cost he shall take into consideration the gain or loss resulting from any actual hedging transaction on a coffee exchange. For the purpose of this rule an actual hedging transaction on a coffee exchange shall only include transactions in which the sale or purchase made is finally closed. In calculating the profit permitted by this rule the licensee shall not include the gain or loss from more than one hedging transaction on the same lot or stock or coffee, but the position of this transaction may be switched from one month to another, provided that all profits or losses from any hedging transaction and all facts regarding the switching of any hedge from one month to another are included in the licensee's reports. The licensee shall keep any speculative account on the coffee exchange entirely separate from such hedging transactions and the gain or loss resulting therefrom shall not be considered in determining the cost of his hedged stock of coffee.

RULE 2. IMPORTER LIMITED TO PROFIT OF 2½ PER CENT.—For the purpose of rule 1 a reasonable profit for an importer shall not be more than 2½ per cent gross margin over cost, plus any brokerage or commission, and the usual exship or instore, and shipping charges, actually incurred by the licensee. An importer shall be any person who buys for shipment from the producing country whether or not on c. and f., c. i. f., exship or instore contract, and who resells his invoice as shipped, in any position, as a whole or in divided quantities not less than 500 bags without selection of specified chops. A jobber dealing in this manner shall be considered an importer.

RULE 3. JOBBER LIMITED TO PROFIT OF 5 PER CENT.—For the purpose of rule 1 a reasonable profit for a jobber shall be 5 per cent gross margin over cost, plus brokerage or commission, and the usual exship or instore and shipping charges actually incurred by the licensee. A jobber shall be a person who cus-

tomarily sells coffee in one or more chops to wholesale grocers or roasters.

NOTE.—The prescribed profit must not be exceeded in any transaction involving more than 25 bags of green coffee, whether or not the jobber customarily sells in one or more chops.

RULE 4. RESALES WITHIN SAME TRADE FORBIDDEN.—The licensee in selling green coffee shall keep it moving to the consumer in as direct line as practicable and without unreasonable delay. Resales within the same trade without reasonable justification, especially if tending to result in a higher market price to the retailer or consumer, will be dealt with as an unfair practice. Where reasonable justification exists for a resale any importer purchasing coffee from another importer shall resell the same at a gross margin of not more than 1¼ per cent over cost, plus any brokerage or commission actually incurred by the licensee, and a jobber purchasing coffee from another jobber shall resell such coffee at a gross margin not exceeding 2½ per cent over cost, plus any brokerage or commission actually incurred.

NOTE.—More than one resale will be permitted only under very exceptional conditions. The Food Administration realizes that at certain periods there may be sufficient justification to warrant resales, and full consideration will be given to exceptional conditions constituting such justification when they occur.

RULE 5. MUST NOT HAVE MORE THAN 90 DAYS' SUPPLY.—The licensee shall not, without the written consent of the United States Food Administrator, or his duly authorized representative, keep on hand or have in possession or under control, by contract or other agreement, at any time, green coffee in a quantity in excess of the reasonable requirements of his business for use or sale by him during a period of 90 days: *Provided, however,* That this rule shall not prevent any licensee from having a carload of green coffee in transit in addition to a supply thereof sufficient to last until arrival of said carload.

NOTE.—Green coffee to be imported into this country but which has not yet arrived shall not be included in calculating the 90 days' supply under this rule.

It may be found necessary to amend the above rule, requiring on proper notice a further reduction of stocks.

The reasonable requirements of the licensee shall be based prima facie upon the amount of green coffee handled by the licensee in the years 1916 and 1917.

RULE 6. MUST NOT SELL OR DELIVER MORE THAN 90 DAYS' SUPPLY.—The licensee shall not, without the written consent of the United States Food Administrator, or his duly authorized representative, sell or deliver to any person any green coffee if the licensee knows, or has reason to believe, that such sale or

delivery will give to such person a supply of green coffee in excess of his reasonable requirements for use or sale by him during the period of 90 days next succeeding such sale or delivery: *Provided,* That this rule shall not prevent the sale or delivery of green coffee to the Federal, State, county, or municipal governments, or to the government of any nation at war with Germany, or the sale or delivery of a carload of green coffee to any licensee having less than a carload lot on hand.

RULE 7. MUST NOT CHARGE MORE THAN THE CUSTOMARY BROKERAGE.—The licensee shall not charge, directly or indirectly, a commission or brokerage on the sale of green coffee in excess of that which ordinarily and customarily prevails, under normal conditions, in the locality in which the broker's business is conducted.

RULE 8. ONLY ONE BROKERAGE PERMITTED.—Brokers shall not receive more than one brokerage on any sale, nor shall they receive an overage except where by force of circumstances they may have become principals through a misunderstanding or delay. When a broker closes out or sells coffee upon which he receives an overage he must send to the buyer, and enter in his reports to the Food Administration, full particulars regarding such transaction. In cases where first-hand dealers (i. e., importers, jobbers, or licensees holding green coffee on commission) employ one broker as their exclusive broker, and such goods are placed to the interior trade through a local broker acting there as the representative of the sole broker of the principal, the licensee under rules 2, 3, and 4 may include under the item of brokerage such extra brokerage or commission as has been heretofore customary for the local broker. All invoices rendered by licensees to buyers of green coffee shall state the entire amount of brokerage paid, if any, on the transaction, and included in the price paid by the buyer.

NOTE.—In the green coffee trade it has been customary for brokers, representing exclusively first-hand dealers, to handle these accounts through outside brokers for the interior trade, and these first-hand dealers cover the cost to them of these outside brokers by an additional price, secured from the purchaser. As this custom has been long established, the Food Administration, pending further notice, will permit it to continue, but requires that the full amount of all commissions paid on a transaction shall be shown on the coffee invoices rendered by the seller to the buyer in every case.

Dealers Also Governed by General Rules.

Dealers in green coffee are also governed by the General Regulations Governing All Licensees. Particular attention is directed to General Rule 22, which prohibits a licensee from buying green

coffee from or selling green coffee to any person subject to license who has not obtained a license.

Roasted Coffee.

Although roasted coffee itself has not been licensed it must be carefully noted that all persons selling roasted coffee are subject to the Food-Control Act of August 10, 1917, and that this law expressly forbids unreasonable or excessive charges. If it is found that the trade is violating this law as to reasonable profits upon roasted coffee, prompt action will be taken and the Food Administration will also find it necessary to place roasted coffee under license.

Special License Regulations Governing Brokers and Auctioneers of Licensed Non-perishable Food Commodities.

NOTE:—The following regulations apply to brokers and auctioneers. It is important that dealers should sharply distinguish between acting as a broker and buying outright. A broker is an agent employed to make bargains and contracts between other persons in matters of trade for a compensation commonly called a brokerage or commission. An auctioneer is a person who sells goods at auction. A commission merchant is synonymous with the term factor and is defined as one who receives goods to be sold for a compensation to be paid by the owner, commonly called a commission.

The distinction between a commission merchant and a broker is that the commission merchant has possession of the goods which he is selling for his principal. In the case of a broker, strictly speaking, he is not entrusted with the custody or possession when employed to either buy or sell the goods.

A sale is where the owner of the goods transfers the property in the goods for a money consideration called the price.

If the commodity is purchased outright and the transaction is a sale, no license is required as a broker. However, if you do not buy outright but sell the goods for some other person and receive a commission, you are required to take out a license as a broker and comply with the following rules and regulations.

Attention is also called to the fact that most of the States have statutes requiring commission men, brokers, auctioneers, etc., to take out a license under a State law and to give bonds.

Therefore, if your business is that of a broker or commission merchant, you would not only be bound to take out a license under the United States Food Administration Laws, but also (in most States) a license under the State law and comply with the requirements of both laws.

A broker or auctioneer in a transaction concerning any licensed

food commodity is responsible for any violation by the principal of the regulations governing such transaction. Brokers and auctioneers should, therefore, familiarize themselves with the general regulations and any special regulations governing principals for whom they act.

Brokers and auctioneers in all licensed non-perishable food commodities must also conform to the following brokers' rules:

RULE 1. COMMISSION OR BROKERAGE CHARGES LIMITED.—A licensee shall not charge directly or indirectly a commission or brokerage on the sale of food commodities in excess of that which ordinarily and customarily prevails under normal conditions in the locality in which the broker's, commission merchant's, or auctioneer's business is conducted and in the particular branch of trade in question.

RULE 2. PROMPT REMITTANCE REQUIRED.—The licensee shall remit promptly following the sale of food commodities received on consignment for sale or distribution, and shall render to the consignor an account showing the true sales and with charges only for services actually performed and expenses actually incurred by the licensee.

NOTE.—A commission merchant can not divide his commission with the buyer unless he shows on the account of sales rendered to the consignor that he has done so.

RULE 3. CHARGING OF BOTH BROKERAGE AND OVERAGE PROHIBITED.—The licensee shall not charge or receive for himself, on the sale of any food commodities, both a commission or brokerage and an overage or profit.

RULE 4. SALES TO SELF FORBIDDEN WITHOUT WRITTEN CONSENT OF PRINCIPAL.—The licensee shall not directly or indirectly sell consigned food commodities, or food commodities with the sale of which on commission he is intrusted, to himself or to anyone connected with his business without the written permission of his principal.

RULE 5. ONLY ONE BROKERAGE ON SUGAR PERMITTED.—No licensee shall charge a commission or brokerage on any sugar on which one brokerage or commission has already been charged.

RULE 6. COMMISSIONS ON SUGAR CANNOT BE SPLIT WITH BUYER OR SELLER.—The licensee may split with other brokers commissions or brokerage received on the sale of sugar, but shall not split such commissions or brokerage with the buyer or seller of the sugar.

NOTE.—The payment by a sugar broker of charges incurred by him for telephone and telegraph messages received by him from a buyer does not

constitute the splitting of his commissions with the buyer. Money so paid out is an expense of the brokerage business.

Margins for Brokers Who Buy and Sell for Their Own Account.

Subject to the provisions of general rules 6, 7, and 8 and the above rules governing commission merchants and brokers, brokers may in proper and necessary transactions, buy and sell for their own account. Transactions of this kind should be confined to the smallest possible volume and in every case must be justified by the necessity of completing cars or dividing carloads among smaller buyers; such merchants engaged in this business should be guided by the following suggested margins which are to be regarded as maximum gross profits, but are *not* permitted unless corresponding service is rendered:

	Per cent
All flour (except wheat and rye flour), hominy, grits, corn meal, oatmeal, rolled oats, beans, rice	4
Licensed cereals in packages, licensed canned goods, licensed dried fruits	5

These margins shall be *inclusive* of any brokerage received.

In every case where a broker sells for his own account any non-perishable goods that he has purchased from a particular principal, and has received, or is entitled to receive, a brokerage on such goods, he must deduct such brokerage before fixing his margin of profit as a jobber.

Illustrative Cases—John Jones is a flour mixer, operating under a jobber's license; inquires as to whether it is permissible to sell to retailers through brokers.

Answer:—Cases of trading in which profits accrue to dealers who render no service are in violation of the rules prohibiting resales within the same trade without reasonable justification. See General Rule 6. In cases where brokers actually render service and receive no more than the customary established brokerage for that service, brokerage fees may be allowed. However, if the broker acts in collusion with the buyer or seller, merely to obtain an added profit for one or more of them, the brokerage fee reflected in the added profit would be held unlawful.

The XY Company is a jobber which purchases flour from a mill and sells it to a wholesaler. What fee, if any, may be charged in such circumstances?

Answer:—The XY Company purchasing flour from a mill should not charge more than half of the margin permitted on sales by wholesalers to retailers, that is, not more than half of 50 to 75 cents per barrel.

The Brown Company is a jobber and sells goods to the Franklin Commission Company, a broker which holds a dealer's license. Is this illegal?

Answer:—One resale within the same trade may be permitted provided the resale represents service. Brokers handling goods for their own account must deduct any brokerage in determining the margin allowed themselves as jobbers. No margin at all is allowed unless resale is justifiable under the rules announced by the Food Administration.

The Thomas Murphy Company, a wholesaler, which fixes its profits on a cost plus basis, averages its cost of food commodities. Is that illegal?

Answer:—The rules of the Food Administration originally prohibited averaging. Rule 5, supra, covering wholesalers permits averaging of the purchase prices of all lots of the same grade and size of the same commodity in the possession of the wholesaler or invoiced to them, not contracted to be sold.

If a jobber buys product through a broker and the broker, in order to give a special inducement to put over the deal is willing to split his brokerage with the buyer, can the buyer take the brokerage he receives as extra profit and collect the percentage as profit which he would have collected if he had paid the full list price?

Answer:—Clearly, a jobber is not entitled to this extra brokerage as an extra profit. He must figure this in his cost and permit the buyer to profit to the extent of such saving in brokerage.

Special Regulations Governing Licensees Engaged in the Business of Canning Peas, Corn, Tomatoes, Dried Beans, Salmon, Sardines, or Tuna, or Manufacturing Tomato Soup, Tomato Catsup, or Other Tomato Products.

(The following special rules correspond to series B, and in so far as they apply to the canning of peas, corn, tomatoes, dried beans, salmon, or sardines became effective Nov. 1, 1917, unless otherwise noted. They became effective as to tomato catsup and other tomato products other than canned tomatoes on February 28, 1918. They became effective as to canned tuna on June 15, 1918.)

NOTE.—Licensees governed by the following rules are also subject to general license regulations, supra. The following regulations were effective June 15, 1918. The following rules, 1 to 5, apply to all of the above commodities. Rules 6 to 11 apply to canners of fresh fish and vegetables only. Rules 12 to 15 apply to canners of dried beans only.

RULE 1. CARLOAD SHIPMENTS—MINIMUM WEIGHTS.—All carload shipments of canned peas, canned corn, canned dried beans, canned tomatoes, tomato soup, tomato catsup, or other tomato products, canned salmon, or canned tuna shall be made in car lots of not less than 60,000 pounds, and all carload shipments of canned sardines shall be made in car lots of not less than 45,000 pounds, unless a different minimum is authorized by special written permission of the United States Food Adminis-

trator; provided, that when cars of lower carrying capacity are used the maximum load which the car will carry may be used without such permission.

NOTE.—This rule corresponds to General Rule 9, Series B. The rule applies to intrastate as well as interstate shipments. The rule prescribes a trade unit and is not a transportation regulation.

RULE 2. MANUFACTURED PRODUCTS MUST BE SOLD AT NOT MORE THAN REASONABLE ADVANCE OVER AVERAGE COST.—The licensee shall sell goods manufactured and on hand for not more than a reasonable advance over the average cost of the season's pack without regard to the market or replacement value at the time of such sale.

NOTE.—This rule corresponds to Special Rule 4, Series B, Governing Canners. It was amended to its present form January 28, 1918.

Maximum Prices Sardines.—The Food Administration has announced that after an examination of the costs of operation in the sardine canning industry, that higher prices than those recommended by representatives of this industry in Maine for the 1918 pack will be considered unreasonable under the Food Control Law. A maximum price of $6.50 per case was set on one-quarter keyless oil sardines, and $6.25 on one-quarter and three-quarter standard mustard sardines. The customary differentials for keys and cartons will prevail and on fancy goods the prices will not provide more than a reasonable profit over cost.

A system of inspection for sardine canners of Maine and Massachusetts similar to that already in successful operation in California has been established by the Food Administration.

The Food Administration has announced that canners would be required to make frequent reports of sales.

RULE 3. LICENSEE SHALL PRODUCE FAIR PROPORTIONS OF ANNOUNCED GRADES AND SIZES.—The licensee shall produce a fair proportion of his canned food products in such grade and sizes as may be hereafter required by the United States Food Administrator by public announcement.

NOTE.—This rule corresponds to Special Rule 6, Series B, Governing Canners.

RULE 4. FACTORY AND EQUIPMENT MUST BE KEPT CLEAN.—The licensee shall at all times keep his factory, machinery, utensils, and raw material, including products to be canned, in a clean and sanitary condition. He shall so regulate his purchases and handling of raw materials as to insure their delivery to the factory in a sound condition and to avoid unnecessary waste.

NOTE.—This rule corresponds to Special Rule 10, Series B, Governing Canners. It became effective January 28, 1918.

RULE 5. FULL PACKING OF CANS REQUIRED.—The licensee shall pack all cans as full of food as is practicable for packing and processing without injuring the quality or appearance of the contents. No liquor shall be added, except in sufficient quantity to fill the interstices and cover the product. No water shall be added in canning tomatoes.

NOTE.—This rule corresponds to Special Rule 11, Series B, Governing Canners. It became effective January 28, 1918.

(Rules 6 to 11 apply to the canning of fresh vegetables and fish only.)

RULE 6. QUOTATIONS OR SALES BEFORE FEBRUARY 1 PROHIBITED. The licensee shall not quote for future packing or delivery or sell any canned peas, canned corn, canned tomatoes, tomato soup, tomato catsup, or other tomato products, canned salmon, canned sardines, or canned tuna before February 1 of the year in which such products are to be canned: *Provided,* That this rule shall not apply to sales to the Government of the United States.

NOTE.—This rule corresponds to Special Rule 1, Series B, Governing Canners. It was amended to its present form January 28, 1918. "Shall not quote for future packing or delivery or sell" includes acceptance of orders subject to approval of price when named. This rule prohibits the acceptance of conditional orders or commitments of any kind.

RULE 7. SALES OF CANNED PEAS, CORN, OR TOMATOES MUST NOT EXCEED 75 PER CENT OF YEARLY AVERAGE DELIVERY, 1913-1917.—The licensee shall not sell for future delivery to parties other than the Government of the United States any canned peas, canned corn, canned tomatoes, tomato soup, tomato catsup, or other tomato products, in excess of 75 per cent of the yearly average delivery of such articles made by him during the five years next preceding 1918, and in no event shall all sales, including sales to the Government of the United States, exceed 100 per cent of such average delivery, unless otherwise permitted by the special written consent of the United States Food Administrator; such licensee must in all instances have under written contract at the time of making such sales, except sales to the Government of the United States, an acreage which under normal conditions would yield a crop sufficient for filling such future sales.

NOTE.—This rule corresponds to Special Rule 2, Series B, Governing Canners. It was amended to its present form January 28, 1918.

NOTE.—Canners desiring permission to sell canned tomatoes for future delivery to an amount disproportionate under existing restrictions to the acreage under contract may make application in writing to the Food Administration for special permission. Applications should state the reason therefor; the acreage, if any, under contract, the number of cases per year sold for future delivery during the past five years; the number of cases actually delivered on future contracts in the respective years; and the sales,

if any, that may have been already made for delivery from the pack of 1918. These special permits will be granted only at the discretion of the Food Administration, and in no case will the permitted sales, not based on acreage under contract, exceed two-thirds of the amount which might be sold if the required acreage were contracted.

RULE 8. SALES OF CANNED SALMON OR SARDINES MUST NOT EXCEED 75 PER CENT OF ESTIMATED PACK.—The licensee shall not sell for future delivery canned salmon, canned sardines, or canned tuna, in excess of 75 per cent of his estimated pack, conservatively figured with regard to his capacity and the supply of fish which can reasonably be expected by him.

NOTE.—This rule corresponds to Special Rule 3, Series B. Governing Canners.

RULE 9. LICENSEE MUST NOT BUY COMMODITIES ALREADY SOLD. No licensee shall buy or contract to buy any of the vegetables or fish required for the above-mentioned products if he has reason to believe that the seller has already contracted to sell the said materials to other persons. In buying vegetables or fish for such products he shall require the seller to state in writing, in the contract or otherwise, that he has not contracted to sell said vegetables or fish to others.

NOTE.—This rule corresponds to Special Rule 5, Series B, Governing Canners.

RULE 10. LICENSEE MUST COMPLETE CONTRACTS FOR FUTURE DELIVERY.—If a licensee has contracted to sell for future delivery any proportion of his estimated pack he shall not sell any such products for immediate delivery unless he shall have already packed, exclusive of his product so sold for immediate delivery, a sufficient quantity to fill all such contracts for future delivery.

NOTE.—This rule corresponds to Special Rule 8, Series B, Governing Canners. It became effective January 28, 1918.

RULE 11. ONE FORM OF CONTRACT MUST BE USED.—No licensee shall hereafter use more than one form of contract covering the sale of licensed commodities for future delivery of the pack of any one season without a special permit from the Food Administration.

NOTE.—This rule corresponds to Rule 9, Series B, Governing Canners, and became effective January 28, 1918.

(Rules 12 to 15 apply to the canning of dried beans only.)

RULE 12. MUST NOT HOLD MORE THAN 60 DAYS' SUPPLY OF DRIED BEANS.—The licensee shall not, without the written consent of the United States Food Administrator, or his duly authorized representative, keep on hand or have in possession or under control, by contract or other arrangement, at any time, any dried

beans and canned dried beans not sold or contracted to be sold in a quantity in excess of the reasonable requirements of his business for sale by him during the next 60 days.

This rule shall not affect the validity of contracts enforceable at law made in good faith prior to October 15, 1917.

NOTE.—Rules 12, 13 and 14 correspond to general Rules 13, 14 and 15 in Series B.

RULE 13. MUST NOT SELL OR DELIVER MORE THAN 60 DAYS' SUPPLY OF DRIED BEANS.—The licensee shall not sell or deliver to any person any canned dried beans without the consent of the United States Food Administration, if the licensee knows, or has reason to believe, that such a sale or delivery will give to such person a supply of such commodities not sold or contracted to be sold in excess of his reasonable requirements for use or sale by him during the period of 60 days next succeeding such sale or delivery: *Provided,* That this rule shall not prevent the sale or delivery of any canned dried beans to any person for the Federal, State, county, or municipal governments or for the government of any nation at war with Germany, or the sale or delivery of a carload thereof to any licensee having less than a carload lot on hand.

NOTE.—This rule was amended to its present form January 28, 1918.

RULE 14. MUST NOT SELL DRIED BEANS FOR DELIVERY MORE THAN 60 DAYS AFTER DATE OF CONTRACT.—The licensee shall not make or have outstanding at any time any contract for the sale of canned dried beans for shipment or delivery more than 60 days after the making of such contract: *Provided, however,* That this rule shall not apply to contracts with the Federal, State, county, or municipal government or with the government of any nation at war with Germany.

RULE 15. PERMIT REQUIRED TO CAN DRIED BEANS OR DRIED PEAS IN TIN-PLATE CONTAINERS.—The licensee shall not can in containers made of tin-plate any dried beans or dried peas without a special permit from the United States Food Administrator.

NOTE.—This rule corresponds to Special Rule 7, Governing Canners.

Special Regulations Governing Licensees Engaged in the Business of Manufacturing Condensed, Evaporated, or Powdered Milk.

RULE 1. CARLOAD SHIPMENTS—MINIMUM WEIGHTS.—All carload shipments of the following commodities shall be made in car lots of not less than the amount prescribed below unless a different minimum is authorized by special written permission of the United States Food Administrator: *Provided, however,* That when cars of lower carrying capacity are used the max-

imum load which the car will carry must be used without such permission:

	Pounds
Evaporated Milk and Condensed Milk	45,000
Powdered Milk	40,000

Provided, That when any of the foregoing is shipped in barrels, the car may be loaded to the car-space capacity, barrels on end.

NOTE.—This rule corresponds to General Rule 9, Series B.

RULE 2. GOODS MUST BE SOLD FOR NOT MORE THAN REASONABLE ADVANCE OVER AVERAGE COST.—The licensee shall sell condensed, evaporated, and powdered milk for not more than a reasonable advance over the average cost of the season's pack without regard to the market or replacement value at the time of such sale.

RULE 3. MUST NOT SELL OR DELIVER MORE THAN 60 DAYS' SUPPLY TO ANY PERSON.—The licensee shall not sell or deliver to any person any condensed, evaporated, or powdered milk without the consent of the United States Food Administration if the licensee knows or has reason to believe that such a sale or delivery will give to such person a supply of any such commodities, not sold or contracted to be sold, in excess of his reasonable requirements for use or sale by him during the period of 60 days next succeeding such sale or delivery: *Provided,* That this rule shall not prevent the sale or delivery of any food commodities to any person for the Federal, State, county, or municipal governments or for the government of any nation at war with Germany, or the sale or delivery of a carload of that commodity to any licensee having less than a carload lot on hand.

NOTE.—Rules 3 and 4 correspond to General Rules 14 and 15, Series B.

RULE 4. CONTRACTS FOR DELIVERY MORE THAN 60 DAYS AHEAD PROHIBITED.—The licensee shall not make or have outstanding at any time any contract for the sale of condensed, evaporated, or powdered milk for shipment or delivery more than 60 days after the making of such contract: *Provided, however,* That this rule shall not apply to contracts with the Federal, State, county, or municipal governments or with the government of any nation at war with Germany: *Provided, further,* That an importer may sell goods to be imported for delivery on arrival.

This rule shall not affect the validity of contracts enforceable at law made in good faith prior to October 15, 1917.

Special Regulations Governing Licensees Engaged in the Business of Preparing or Packing Dried Peaches, Dried Apples, Dried Prunes or Dried Raisins.

RULE 1. MINIMUM CARLOAD SHIPMENTS, 60,000 POUNDS.—All

carload shipments of dried peaches, dried apples, dried prunes, or dried raisins shall be made in car lots of not less than 60,000 pounds, unless a different minimum is authorized by special written permission of the United States Food Administration: *Provided, however,* That when cars of lower carrying capacity are used, the maximum load which the car will carry may be used without such permission.

NOTE.—This rule corresponds to General Rule 9, Series B.

RULE 2. NEW-CROP FRUITS NOT TO BE BOUGHT OR SOLD BEFORE JULY 15.—The licensee, prior to July 15 of the year in which new-crop fruits are to be grown and packed, shall not buy, contract to buy, offer for sale, or have outstanding any contract of sale or any commitment for sale of new-crop fruits not available for spot delivery. A commitment shall include all tentative or conditional orders, whether definite prices are named or not.

NOTE.—Rule A-2, supra, Governing Persons Engaged in the Business of Preparing or Packing Dried Fruits is not to be construed as prohibiting the making of a contract whereby a packer or association agrees with a grower to market the grower's crop at the price prevailing when the crop is marketed; nor is the rule to be construed as affecting any such contracts that are already outstanding.

RULE 3. FACING OF DRIED FRUITS PROHIBITED.—The licensee shall not face or cause to be faced any licensed dried fruits in any package. Such facing will be regarded as a wasteful practice.

RULE 4. DRIED FRUITS MUST BE SOLD AT NOT MORE THAN A REASONABLE ADVANCE OVER COST.—The licensee shall sell his products for not more than a reasonable advance over the cost of said products and without regard to market or replacement value at the time of said sale.

RULE 5. PRICE LISTS AND CIRCULARS TO BE MAILED FOOD ADMINISTRATION.—Licensees quoting dried fruits for shipment in carload lots shall mail promptly to the Dried Fruits Division of the United States Food Administration, Washington, D. C., all price lists and circulars relating to prices on dried peaches, apples, prunes, or raisins.

NOTE.—Rules 2, 3, 4, and 5 correspond to Special Rules 1, 2, 3, and 5, Series B, supplement 16, effective March 30, 1918. Rules 4 and 5 were amended to their present form May 24, 1918.

Special License Regulations Governing Distribution of Fresh Fruit and Vegetables.

(The Licensees are also governed by General Rules. The following are all rules issued up to and including July 10, 1918.)

A. Special Regulations Governing All Distributors of Fresh Fruits and Vegetables.

NOTE.—CHARGES: Dealers in fresh fruits and vegetables are governed

by General Rule 5, which prohibits excessive profits and permits only a fair and reasonable profit above expenses for the year's business, and no more.

Because of varying and uncertain conditions which surround the assembling, distributing and marketing of fresh fruits and vegetables, such as climatic changes, delays in transportation, uncontrolled supply and the inborn perishability of the products, all of which subject these products to wide fluctuations in values, no specific regulations have been promulgated determining exactly what is a fair and reasonable profit on sales of fresh fruits and vegetables, nor the amount or percentage of profit that shall be made. The chief point is to keep perishable products moving freely into consumptive channels, consistent with equitable and even distribution over the normal season of any particular commodity, at the prevailing prices determined by an open, unrestricted market, without manipulation, monopoly, or by taking advantage of temporary emergencies, or artificial conditions.

In the course of events, commodities which were stored for the purpose of providing for one's seasonal requirements may increase abnormally in value, and if sold subject to the natural operation of the law of demand and limitation of supply would result in an undue and unwarranted year's profit and a correspondent unjustifiable hardship on the consuming public. Should such a situation present itself or arise, a full statement of facts must be presented to the Food Administration without delay and every effort be made by holders of such commodities to co-operate with the Food Administration in evolving a system of distribution that may be determined as fair and equitable.

REQUIREMENTS: The buying of supplies of fruits and vegetables for one's normal requirements, covering the usual season of distribution, is a legitimate transaction; withholding supplies beyond the natural time of disposition or beyond the period of safety to the physical value or wholesomeness of any commodity, or holding for unreasonable gains will be considered unlawful within the meaning of the Act.

RULE 1. MINIMUM CARLOAD SHIPMENTS.—All carload shipments of fresh fruits or vegetables shall be made in car lots of not less than the amount prescribed below unless a different minimum is authorized by special written permission of the United States Food Administrator: *Provided, however,* That when cars of lower carrying capacity are used the maximum load which the car will carry consistent with the safety of the contents may be used without such permission.

Oranges and lemons, straight or mixed carloads, in ventilator or refrigerator cars, from California and Arizona.	7 boxes wide, 2 boxes high; boxes on end full length of car.
Exception: Lemons shipped in collapsible tank cars with bunkers open may be loaded 6 boxes wide instead of 7 boxes wide.	
Oranges, lemons, limes, and grapefruit, straight or mixed carloads, in ventilator or refrigerator cars, from Florida.	360 boxes.
Watermelons, average weight, 25 lbs. or less	5 tiers high.
Watermelons, average weight more than 25 pounds.	4 tiers high.
All fresh fruits and vegetables not specifically provided for above.	To be loaded as heavily as will permit transportation without damage to the commodity shipped.

NOTE.—This rule was formerly included in General Rule 9 of Series B, as amended January 28, 1918, and April 4, 1918.

RULE 2. HOARDING PROHIBITED.—The licensee shall not keep on hand or have in his possession or under control by contract or other arrangement a quantity of fresh fruits or vegetables in excess of the reasonable requirements of his business for use or sale by him for a reasonable time, or in sufficient quantities to fill his reasonable requirements throughout the period of scant or no production.

NOTE.—This rule takes the place of the rule issued as Series B, General Rule 13.

RULE 3. CANCELLATION OF CONTRACT PROHIBITED AFTER GOODS ARE IN TRANSIT.—The licensee shall not cancel any contract for fresh fruits or vegetables after the goods are loaded at point of origin and under billing without the consent of the other party to the contract. Nothing in this rule shall be construed to limit or change the right of any party in any action for damages because of any cancellation, whether prior or subsequent to shipment.

NOTE.—This rule was issued as Series B, Special Rule 7, effective January 28, 1918.

RULE 4. SHIPPER MUST NOT SHIP GOODS BELOW CONTRACT REQUIREMENTS.—The licensee shall not knowingly ship fresh fruits or vegetables which are not equal to the grade, quality, and condition called for in the contract of sale.

NOTES.—This rule was issued as Series B, Special Rule 8, effective January 28, 1918.

The licensee, before shipping goods which do not conform to the contract of sale, must arrange in a manner satisfactory to the buyer for any such substitution.

RULE 5. UNREASONABLE REFUSAL TO ACCEPT BY CONSIGNEE PROHIBITED. TIME FOR UNLOADING.—The licensee shall not without reasonable justification refuse to accept and unload promptly any fresh fruits or vegetables shipped to him. Delay in transit shall not of itself constitute reasonable justification for refusal to accept unless specific delivery date has been contracted for.

NOTES.—This rule, issued as Series B, Special Rule 9, effective January 28, 1918, is amended by the above rule.

The Food Administration considers prompt unloading of the utmost importance. Three days after the period allowed for inspection by Rule 6 will be considered the maximum unloading time, Sundays, holidays and extraordinary circumstances excepted. This maximum time shall not be construed to permit in any case a longer period for unloading than is reasonably necessary. The time taken by a carrier to place a car from a railroad hold or receiving yard to a team track or private unloading track,

after the order to so place has been filed, will not be considered a part of the time allowed for unloading.

The existence of minor or occasional defects in a shipment of fresh fruits or vegetables will not be sufficient to justify a refusal to accept if the shipment as a whole can fairly be said to conform to contract as to grade, quality, or condition as usually understood in the trade.

RULE 6. NOTIFICATION OF CONDITION OF GOODS ON ARRIVAL—TIME FOR INSPECTION.—The licensee to whom fresh fruits or vegetables are shipped shall notify the consignor promptly after arrival (by wire if possible) of the true condition of any goods which are claimed to be defective or not in accordance with the contract of sale, and in such notification shall inform him of any refusal to accept.

NOTE.—This rule was issued as Series B, Special Rule 10, effective January 28, 1918.

Twenty-four hours from the time when the shipment shall be placed where inspection by the consignee is practicable shall be considered a maximum reasonable time within which such notification shall be given, Sundays, holidays, and extraordinary circumstances excepted.

RULE 7. CLAIMS TO BE BASED ON ACCURATE DATA.—Claims for shrinkage or waste on any shipments of fresh fruits or vegetables shall be based wherever possible upon actual weight, count, or measure in accordance with the nature of the commodity.

NOTE.—This rule was issued at Series B, Special Rule 11, effective January 28, 1918.

Where the evidence clearly establishes a dishonest claim for damages drastic action will be taken.

RULE 8. UNREASONABLE REFUSAL TO ADJUST CLAIMS.—The licensee shall not unreasonably refuse to adjust promptly claims for damages on shipments of fresh fruits or vegetables, where failure to make adjustment will result in a delay in unloading and a danger of waste.

NOTE.—This rule was issued as Series B, Special Rule 12, effective January 28, 1918.

This rule applies to an unreasonable refusal by either the seller or buyer, and refusals to adjust proper claims because of a change in market conditions are clearly prohibited by this rule.

RULE 9. TERMS TO BE INCLUDED IN EVERY CONTRACT UNLESS EXPRESSLY AGREED OTHERWISE.—The licensee shall include in every contract for the sale of fresh fruits and vegetables to be shipped by a common carrier the following terms, and these terms shall be understood as included in every such contract between licensees even though not expressly stated: *Provided, however,* That the said terms may be varied by express agreement in writing.

TERMS OF CONTRACT

A. The seller shall be responsible for and reimburse the buyer for any failure of the goods to conform to the grade, quality, or condition specified in the contract of sale, except that all sales made f. o. b. point of origin shall be construed to mean that the buyer assumes all risks of damage in transit not caused by the shipper whether there is a bill of lading to the order of the seller or not.

B. The shipment shall be deemed to have reached destination when placed on any railroad team track or private unloading track or where awaiting consignee's order for placing on such team or private unloading track. The burden of loading a shipment on such arrival shall be on the consignee, provided that the consignor has billed the shipment with proper instructions as to the railroad notifying the consignee. The failure of the railroad to notify the consignee will not be construed as releasing the consignee from his obligations to the consignor, provided proper advice as to the car number has been given to the consignee by the consignor. But if the consignee uses every reasonable effort to locate a car and fails, he shall not be responsible for failing to learn of its arrival.

NOTES.—The rule issued as Series B, Special Rule 13, effective January 28, 1918, is amended by the above rule.

This rule applies to the sale of cars in transit, provided the seller advises the buyer that the car is in transit, the date of shipment, and if possible, where it is located.

NOTE TO RULES 3 TO 9, INCLUSIVE.—The above rules have been prepared after conference with representatives of those engaged in the business of shipping and receiving perishable food commodities, and have been based on recommendations from them in order to meet a condition which has resulted in great waste of fresh fruits and vegetables throughout the country. The rules are designed to prevent delay in unloading, the shipment of goods contrary to contract and the resulting traffic congestion and food waste.

It is essential that all licensees should co-operate in good faith with the Food Administration, to avoid improper shipments, rejections, and disputes, and to arrange quickly for prompt release, handling, or unloading of the goods involved, and to submit any dispute promptly to arbitration. It is strongly recommended that contracts for the sale of fresh fruits and fresh vegetables be definite as to the quality and grade of goods and terms of sale and delivery, and be evidenced by a proper memorandum in writing. The Food Administration will consider the certificate of any food-products inspector of the Bureau of Markets of the United States Department of Agriculture as prima facie evidence of the condition of the goods. If no such inspector is available, great weight will be attached to inspection by expert officials of trade organizations. Where no official inspectors are available due weight will be given to the judgment of such unofficial experts as may have made inspection or are designated or approved by the Food Administration.

In all cases submitted to arbitration or settlement where the shipment is made, draft, bill of lading attached, the consignor should direct the bank

holding his draft to retain the proceeds thereof and to distribute the same according to the result of the final determination. Thereupon the consignee should pay said draft and release the bill of lading.

In the case of commodities where it is customary to assort or recondition, and where necessary to preserve food values and prevent waste, fresh fruits and vegetables should be assorted or reconditioned by the consignee upon the consignor's request to recondition and his agreement to arrange for the payment of properly substantiated claims.

B. Additional Special Regulations Governing Commission Merchants, Brokers and Auctioneers Dealing in Fresh Fruits or Fresh Vegetables.

RULE 1. COMMISSION OR BROKERAGE NOT TO BE UNREASONABLE OR DISCRIMINATORY.—The licensee shall not charge directly or indirectly an unjust, unreasonable, discriminatory, or unfair commission or brokerage on the sale of fresh fruits or fresh vegetables.

NOTE.—The Food Administration in enforcing this rule will insist that any proposed increase in rates be submitted to the local Federal Food Administrator and that the reason for any increased rate over the prewar normal be justified to him, subject to the general supervision of the United States Food Administration before such increased rates is put into effect.

This rule was formerly included in Series B, General Rule 5, governing all licensees as issued November 1, 1917.

RULE 2. PROMPT REMITTANCE AND PROPER ACCOUNT OF SALES TO BE RENDERED.—The licensee shall remit promptly following the sale of fresh fruits or fresh vegetables received on consignment for sale or distribution, and shall render to the consignor an account showing the true sales and with charges only for services actually performed, and expenses actually incurred by the licensee.

NOTE.—This rule is in conformity with Special Rule 2, of Series B, issued November 1, 1917.

RULE 3. AGENT NOT TO BUY FROM PRINCIPAL UNLESS NOTED ON ACCOUNT OF SALES.—The licensee shall not directly or indirectly sell consigned fresh fruits or vegetables or such commodities with the sale of which on commission he is entrusted, to himself or to anyone connected with his business, unless he notes the facts of such transaction on the account of sales.

NOTE.—This rule is in conformity with Special Rule 4, of Series B, issued November 1, 1917.

When a licensee sells to himself or to anyone connected with his business, he must at least show on the account sales the quantity thus sold and at what price they were taken over.

RULE 4. BROKERS STATEMENTS TO BUYERS AS TO TERMS OF SALE AND QUALITY OF GOODS MEMORANDA TO BE FURNISHED.—The licensee engaged in business as a broker shall not make any statement to any buyer in reference to terms or conditions of sale of fresh

fruits or vegetables or to grade, quality, or condition thereof or the time of shipment or delivery, without authority, and shall deliver to his principal and to the buyer proper memoranda of any contract of sale.

NOTE.—This rule was issued as Special Rule 7 of Series B, effective January 28, 1918.

RULE 5. MISREPRESENTATIONS BY BROKERS PROHIBITED.—The licensee engaged in business as a broker shall not knowingly misrepresent to his principal or to any other person the condition, quality, or grade of fresh fruits or vegetables on arrival; nor shall he make any such report on condition or grade without stating the basis or authority for such report, unless such report is based on his own inspection.

NOTE.—This rule was issued as Special Rule 8 of Series B, effective January 28, 1918.

NOTE.—The foregoing regulations exact rendering promptly account of sales of consigned goods, and in accordance with the true sales, with charges only for services actually performed, and expenses actually incurred by the licensee.

Regulations forbid sales of consigned goods directly or indirectly to persons to whom consignments of such goods are entrusted, without noting such transaction on the account of sales.

Receivers of consigned goods may not make rebates directly or indirectly to shippers' agents, or agents or employees of Associations or Exchanges.

C. Additional Special Regulations Governing All Distributors of Potatoes.

RULE 1. POTATOES NOT TO BE SHIPPED UNLESS FREE FROM CERTAIN DEFECTS.—The licensee shall not ship or sell for food purposes from points of production, potatoes which are not practically free from frost injury and decay, and which are not free from serious damage caused by dirt or other foreign matter, sunburn, second growth, cuts, scab, blight, dry rot, or other disease, insects, or mechanical means.

"Practically free" means that the appearance shall not be injured to an extent readily apparent upon casual examination, and that any damage from the causes mentioned can be removed by the ordinary processes of paring without appreciable increase in waste over that which would occur if the potato were perfect. Loss of outer skin (epidermis) only shall not be considered as an injury to the appearance.

NOTE.—This rule was issued as Series B, Special Rule 2, effective November 1, 1917.

RULE 2. POTATOES TO BE BOUGHT AND SOLD ONLY BY THE POUND OR IN STANDARD CONTAINERS.—The licensee shall quote, buy, and sell potatoes, including sweet potatoes, only by the pound except

where the said potatoes are put up and sold in standard barrels, standard boxes, or standard hampers.

NOTES.—This rule was issued as Series B, Special Rule 3, effective November 11, 1917.

The Federal law creating a standard barrel for fruits, vegetables, and other dry commodities, effective July 1, 1916, provides:

SECTION 1. *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the standard barrel for fruits, vegetables, and other dry commodities other than cranberries shall be of the following dimensions when measured without distention of its parts: Length of stave, 28½ inches; diameter of heads, 17⅛ inches; distance between heads, 26 inches; circumference of bulge, 64 inches, outside measurement; and the thickness of staves not greater than four-tenths of an inch: *Provided,* That any barrel of a different form, having a capacity of 7,056 cubic inches shall be a standard barrel. The standard barrel for cranberries shall be of the following dimensions when measured without distention of parts: Length of staves, 28½ inches; diameter of head, 16¼ inches; distance between heads, 25¼ inches; circumference of bulge, 58¼ inches, outside measurement; and the thickness of staves not greater than four-tenths of an inch.

RULE 3. POTATOES TO BE GRADED IN COMMERCIAL POTATO GROWING DISTRICTS.—The licensee in commercial potato growing districts shall assort and grade his purchases and shipments of potatoes according to the grades described in Department of Agriculture, Bureau of Markets Document No. 7.

Extract From Bureau of Markets Document No. 7.

U. S. grade No. 1:

This grade shall consist of sound potatoes of similar varietal characteristics, which are practically free (a) from dirt or other foreign matters, frost injury, sunburn, second growth, cuts, scab, blight, dry rot, and damage caused by disease, insect, or mechanical means. The minimum diameter (b) of potatoes of the round varieties shall be one and seven-eighths (1⅞) inches, and of potatoes of the long varieties one and three-fourths (1¾) inches. In order to allow for variations incident to commercial grading and handling, five per centum by weight of any lot may be under the prescribed size, and, in addition, three per centum by weight of any such lot may be below the remaining requirements of this grade.

U. S. grade No. 2:

This grade shall consist of potatoes of similar varietal characteristics, which are practically free (a) from frost injury and decay, and which are free from serious damage (c) caused by dirt or other foreign matters, sunburn, second growth, cuts, scab, blight, dry rot, or other disease, insects, or mechanical means. The minimum diameter (b) shall be one and one-half (1½) inches. In order to allow for variations incident to commercial grading and handling, five per centum by weight of any lot may be under the prescribed size, and in addition, five per centum by weight of any such lot may be below the remaining requirements of this grade.

Explanations of grade requirements:

(a) "Practically free" means that the appearance shall not be injured to an extent readily apparent upon casual examination, and that any damage

from the causes mentioned can be removed by the ordinary process of paring without appreciable increase in waste over that which would occur if the potato were perfect. Loss of the outer skin (epidermis) only shall not be considered as an injury to the appearance.

(b) "Diameter" means the greater dimension at right angles to the longitudinal axis.

(c) "Free from serious damage" means that the appearance shall not be injured to the extent of more than twenty per centum of the surface, and that any damage from the causes mentioned can be removed by the ordinary processes of paring without increase in waste of more than ten per centum by weight over that which would occur if the potato were perfect.

NOTE.—For the purpose of these recommendations no attempt has been made to provide grades for potatoes of extra fancy quality and size, such as special baking potatoes used in dining cars, hotels, and restaurants, or for lots composed of potatoes of different varietal characteristics, or for potatoes under the minimum diameter and other requirements of the U. S. grade No. 2.

Potatoes of U. S. grade No. 1, unless shipped in bulk, should be placed only in new, clean sacks or barrels, which should be well filled, securely sewed or covered, and in addition to any necessary statements or marks, should be plainly marked: "U. S. No. 1." Containers of potatoes of No. 2 grade, also, should be plainly marked "U. S. No. 2."

NOTES.—This rule was issued as Series B, Special Rule 3A, effective January 31, 1918.

The United States Food Administration is convinced that a general adoption of those grades will be beneficial to producer and consumer alike, will tend to decrease waste, and encourage the production of better quality, thus stimulating increased consumption. This has been clearly demonstrated by careful investigations conducted by the Bureau of Markets of the United States Department of Agriculture.

The Food Administration recognizes that in some sections local conditions may be such that an immediate and strict enforcement of these grades might be inadvisable. It feels, however, that in such sections as there has been a general effort on the part of shippers to adopt this grading that those not co-operating are unfair and that their actions are detrimental to the best interests of the potato industry, and while due consideration will be given to peculiar conditions obtaining in any section, no technical attempt to evade the purpose of this rule will be tolerated. The matter will as far as possible be handled by co-operation with the United States Department and various State Departments of Agriculture and through associations of growers and shippers. We shall insist on the sincere and earnest co-operation of every licensee in this connection.

A licensee will not be considered as fairly grading his purchases if he uses a screen or other method of grading by which more than 5 per cent (by weight) of the potatoes excluded from the No. 1 grade are large enough for the No. 1 grade.

Special License Regulations Governing Manufacturers of Bakery Products.

NOTE.—Licensees are also subject to General Regulations.

A. Special Regulations Applying to All Licensees Manufacturing Bakery Products.

RULE A-1. CONSUMPTION OF WHEAT FLOUR DURING AUGUST, 1918, IN BAKERY PRODUCTS OTHER THAN BREAD AND ROLLS, NOT TO EXCEED 70 PER CENT OF PREVIOUS CONSUMPTION.—No licensee shall, during the month of August, 1918, use in the manufacture of

any bakery products, except bread and rolls, an amount of wheat, or any products of wheat other than bran, shorts or middlings, in excess of seventy (70) per cent of the amount thereof one-sixth of the amount thereof used by him between February 1, and July 31, 1918.

NOTE.—This rule does not apply to bread and rolls, but does apply to all other bakery products.

Where two or more manufacturers of bakery products consolidate their businesses, the consolidated concern may use 70 per cent of the total amount of wheat flour used by the concerns entering into the consolidation during the corresponding period of 1917.

RULE A-2. WHEAT FLOUR SUBSTITUTES DEFINED.—Wheat flour substitutes, for the purposes of the baking regulations, are bran, shorts, and middlings, corn flour, corn meal, edible cornstarch, hominy, corn grits, barley flour, rolled oats, oatmeal, rice, rice flour, buckwheat flour, potato flour, sweet-potato flour, tapioca flour, milo, kafir and feterita flours and meals, soya bean meal, peanut meal, taro flour, banana flour, and other products of a similar nature.

Rye flour or rye meal is a partial wheat flour substitute on the following basis: one-fifth of the wheat flour substitutes used in any mixture may be rye flour or rye meal.

Potatoes also are a wheat flour substitute. Four (4) pounds of raw potatoes will be considered the equilvalent of one (1) pound of the above mentioned substitutes.

If graham flour, or so-called whole wheat flour is used, there must be added to such flour an amount of wheat flour substitutes, which, added to the bran, shorts and middlings contained in the graham or whole wheat flour, will equal the total amount of substitutes required.

RULE A-3. DEFINING VEGETABLE SHORTENING WAS REPEALED JULY 19,1918.

RULE A-4. RETURNS OF BAKERY PRODUCTS MUST NOT BE ACCEPTED.—The licensee shall not directly or indirectly accept, under any guise or arrangement whatever, returns of bread or other bakery products, from any person, nor make cash payments, nor allow credit, to any retailer or other person for any unsold bread or other bakery products; nor shall the licensee exchange any bread or other bakery products for other bread or other bakery products previously sold by him.

RULE A-5. STOCKS OF WHEAT FLOUR, SUGAR, AND SHORTENING, LIMITED.—The licensee shall not, without the written consent of the United States Food Adminstrator, or his duly authorized representative, keep on hand or have in possession or under con-

trol, by contract or other arrangement, at any time, wheat flour or sugar in a quantity in excess of the reasonable requirements of his business for use by him during a period of 30 days, or shortening in a quantity in excess of the reasonable requirements of his business for use by him during a period of 60 days: *Provided, however,* That this rule shall not prevent the licensee having in transit sufficient flour or sugar or shortening to maintain the licensee's stock within the limits herein fixed.

NOTE.—Only in cases in which peculiar circumstances demand it, will permission be given to a licensee to keep more than thirty days' supply of flour or sugar or more than sixty days' supply of shortening on hand or under control. A licensee who desires to make an application for such permission should present his case to the Federal Food Administrator for the State in which the bakery for which permission is asked is located.

The above rule governs manufacturers of bakery products, and requires the licensee to not keep on hand or have under control more than sixty days' supply of shortening.

"Shortening" as used in this rule does not include butter, and the licensee may store or arrange for a season's supply of butter for use in manufacturing the classes of bakery products in which the use of animal fats is permitted.

In cases where a baker purchases flour in carload lots and thus secures more than a thirty-day supply, he should distribute the surplus to other bakers.

RULE A-6. WHEN NAME "VICTORY" MAY BE USED.—No licensee manufacturing bakery products shall use the name "Victory" in connection with the advertising or sale of the same, unless the total wheat flour and substitute content of such bakery products contains at least the percentage of wheat flour substitutes stated below:

		Per Cent.
Class 1.	Bread and rolls	25
Class 2.	Sweet yeast dough goods	33⅓
Class 3a.	Crackers	33⅓
Class 3b.	Biscuits, cookies, and ice-cream cones	33⅓
Class 4a.	Cakes	33⅓
Class 4b.	Pies	33⅓
Class 4c.	Fried cakes	33⅓
Class 4d.	Pastry	33⅓
Class 5.	Quick breads, Boston brown bread, batter cakes, and waffles	66⅔

RULE A-7. PUBLIC EATING PLACES MUST SERVE LIMITED PORTIONS.—No licensee operating a hotel, restaurant, dining car, steamship, boarding house, or other public eating place, or club, shall serve to any person at any meal more than two (2) ounces of bread or rolls of class 1, or four (4) ounces of muffins, corn

bread, Boston brown bread, baking powder biscuits, or quick breads of class 5, or of other breads containing 33⅓ per cent or less of wheat flour.

NOTE.—No limit has been placed upon the amount of wheatless bread that may be served.

RULE A-8. BAKER SHALL NOT USE SUGAR IN MAKING CONFECTIONERY OR PRODUCTS OTHER THAN BAKERY PRODUCTS WITHOUT OBTAINING CERTIFICATES FROM THE FEDERAL FOOD ADMINISTRATOR.—The licensee shall not, after May 15, 1918, use sugar in the manufacture, bottling, or preparation of any products other than bakery products, until he has obtained from the Federal Food Administrator of the State where such product is manufactured or prepared, certificates that the total amount of sugar to be so used will not exceed his fair share of the sugar then available for distribution. The licensee shall not buy sugar for such purposes without turning in a certificate for the amount purchased. In transferring sugar from his baker's stock for such purposes, he shall cancel certificates representing the amount of sugar so transferred and shall file them at the end of each month with the Federal Food Administrator whose name is signed thereto.

NOTE.—The above rule was promulgated May 2, 1918. It does not affect licensees who manufacture only bakery products.

B. Special Regulations Applying to Class 1.—Bread and Rolls.

Definition: For the purposes of these regulations, bread and rolls are defined as follows: Baked mixtures of flour, meal, or similar products, with water, and with or without leavening agents, salt, shortening, milk, eggs, sweetening, grain extracts, nuts, fruits, seeds, spices, or other flavoring materials, such as pan bread, hearth bread, wheat bread, rye bread, graham bread, raisin bread, and similar breads and hard rolls, soft rolls, milk rolls, Parker House rolls, finger rolls, lunch rolls, bread rolls, and similar rolls.

RULE 1. TWENTY-FIVE PER CENT OF WHEAT-FLOUR SUBSTITUTES MUST BE USED.—No licensee shall manufacture any products of class 1 without using in the manufacture thereof at least one (1) pound of wheat-flour substitutes for each three (3) pounds of wheat flour so used.

NOTE.—Rye bread must contain at least one (1) pound of wheat-flour substitutes for each three (3) pounds of wheat flour used in it. No substitures are required for the rye flour used.

Bread that is prepared for baking by a person other than the licensee must not be baked by the licensee unless it contains at least the per cent of wheat flour substitutes as specified in the above rule.

The rule supra requiring the licensee to use wheat flour substitute in manufacturing bread and rolls does not apply to bread

that is made to be used in the observance of religious rites, if such religious rites require the use of all wheat flour bread.

RULE 2. WEIGHT OF LOAVES.—No licensee shall manufacture bread except in the following weights, which shall be net weights twelve (12) hours after baking: Three-quarters (¾) pound, one (1) pound, one and a half (1½) pounds, two (2) pounds, three (3) pounds, four (4) pounds, five (5) pounds, or other pound weights.

Provided, That rye bread, the flour and meal content of which contains forty per cent or less of wheat flour, need not conform to the foregoing weight requirements *if such rye bread is sold to the consumer by weight and not by the loaf.*

Variations at the rate of one (1) ounce per pound over and one (1) ounce per pound under the above specified unit weights are permitted in individual loaves, but the average weight of not less than twenty-five (25) loaves of any one unit of any one kind shall be not less than the weight prescribed by these regulations for such unit.

The licensee may only bake twin or multiple loaves on the following conditions: If the twin or multiple loaf is wrapped at the bakery and sold to the consumer wrapped and undivided, the *loaf* must conform to the above weight requirements; if the twin or multiple loaf is unwrapped or divided before being sold to the consumer, each *unit* of the loaf must conform to the above weight requirements.

NOTES.—A twin or multiple loaf is one that is made of two or more portions of dough baked in one pan.

Single units weighing less than three-quarters pound must not be baked.

Although a licensee may manufacture loaves only of the weights prescribed, he may cut and sell a portion of a loaf to a consumer.

Bread may be sold at any time after baking. It is not required that bread should remain unwrapped for any specified length of time after baking.

RULE 3. MAXIMUM WEIGHT OF ROLLS, TWO OUNCES.—No licensee shall manufacture rolls except in units weighing not to exceed two (2) ounces, net weight, twelve (12) hours after baking.

NOTE.—This rule does not prohibit the baking of pans of rolls if the units conform to the weight requirements. There is no minimum weight requirement for rolls.

RULE 4. AMOUNT OF SUGAR LIMITED.—No licensee, in making products of class 1, shall use more than six (6) pounds of cane or beet sugar, or seven (7) pounds of corn sugar, or seven (7) pounds of invert sugar to 196 pounds of any flour or meal or any mixture thereof. In reckoning the above amounts, the licensee

shall include added sugars contained in milk, grain extracts, and other ingredients.

NOTE.—The use of grain extracts, molasses, and other refiners' products, from which granulated sugar can not be obtained commercially is not limited, except in respect to added sugars.

RULE 5. USE OF SHORTENING LIMITED.—No licensee, in making products of Class 1, shall use more than two (2) pounds of shortening to 196 pounds of any flour or meal or any mixture thereof.

NOTE.—The two (2) pounds of shortening permitted do not include fats used in greasing pans.

RULE 6. MILK MAY BE USED IF PRICE OF BREAD IS NOT INCREASED THEREBY.—The licensee in making products of class 1 may use milk therein in any form or in any quantity, except as the amount of added sugar is limited by Rule 4, provided that the price at which he sells such bread or rolls is no greater than the price at which he sells bread or rolls made without milk.

NOTE.—The added sugar in sweetened condensed milk shall be computed as one-third of the weight of such sweetened condensed milk.

RULE 7. SUGAR OR SHORTENING MUST NOT BE ADDED TO DOUGH.—The licensee in making products of class 1 shall not add sugar or shortening to the dough during the process of baking, or to the bread or rolls when baked.

C. Special Regulations Applying to Class 2.—Sweet Yeast Dough Goods.

Definition: For the purposes of these regulations, sweet-yeast dough goods are defined as follows: Baked mixtures of flour, meal, or similar products, with water, yeast, salt, and sweetening, and with or without milk, shortening, eggs, fruits, nuts, seeds, spices, or other flavoring materials, and filling, such as apple, peach, apricot, plum, cherry, and huckleberry cake, cheese cake, coffee cake, coffee rings, coffee half moons, coffee wreaths, coffee loaf, cinnamon rolls, struessels, zwiebach, and similar products.

RULE 1. THIRTY-THREE AND ONE-THIRD PER CENT OF WHEAT-FLOUR SUBSTITUTES MUST BE USED.—No licensee shall manufacture any products of class 2 without using in the manufacture thereof at least one (1) pound of wheat-flour substitutes for each two (2) pounds of wheat flour so used.

RULE 2. PROHIBITING USE OF ANIMAL FATS FOR SHORTENING WAS REPEALED ON JULY 19, 1918.

D. Special Regulations Applying to Class 3a.—Crackers.

Definition: For the purposes of these regulations, crackers (sponge and plain goods) are defined as follows: Baked mixtures of flour, meal, or similar products, with water, and with or without leavening agents,

salt, and shortening, such as soda crackers, hard bread, matzoth, pretzels, and similar products.

RULE 1. FIFTEEN PER CENT OF WHEAT-FLOUR SUBSTITUTES MUST BE USED.—No licensee shall manufacture any products of class 3a without using in the manufacture thereof at least fifteen (15) pounds of wheat-flour substitutes for each eighty-five (85) pounds of wheat flour so used: *Provided,* That this rule shall not apply to hard bread and Navy biscuit manufactured for the United States Government.

RULE 2. RESTRICTING USE OF ANIMAL FATS AS SHORTENING WAS REPEALED ON JULY 19, 1918.

E. Special Regulations Applying to Class 3b.—Biscuits, Cookies, and Ice-Cream Cones.

Definition: For the purposes of these regulations, biscuits, cookies, and ice-cream cones (sweet goods) are defined as follows: Baked mixtures of flour, meal, or similar products, with water and sweetening, and with or without leavening agents, salt, flavoring, filling, topping, icing, shortening, eggs, milk, gelatin, grains, nuts, fruits, seeds, spices, or cocoa, and their products, such as gingersnaps, cookies, honey cakes, fig bars, vanilla wafers, graham biscuits, iced goods, sugar wafers, ice-cream cones, and similar products.

RULE 1. THIRTY-THREE AND ONE-THIRD PER CENT OF WHEAT-FLOUR SUBSTITUTES MUST BE USED.—No licensee shall manufacture any product of class 3b without using in the manufacture thereof at least one (1) pound of wheat-flour substitutes for each two (2) pounds of wheat flour so used.

RULE 2. RESTRICTING USE OF ANIMAL FATS FOR SHORTENING WAS REPEALED ON JULY 19, 1918.

F. Special Regulations Applying to Class 4a.—Cakes.

Definition: For the purposes of these regulations, cakes are defined as follows: Baked mixtures of flour, meal, or similar products with water, leavening agents, and sweetening, and with or without shortening, eggs, milk, fruits, nuts, spices, or other flavoring materials, such as soft cake, box cake, wine cake, form cake, sponge cake, layer cake, cup cake, drop cake, pound cake, fruit cake, angel food, devil food, and similar cakes; and cream puffs, eclairs, macaroons, kisses, and similar products.

RULE 1. THIRTY-THREE AND ONE-THIRD PER CENT OF WHEAT-FLOUR SUBSTITUTES MUST BE USED.—No licensee shall manufacture any products of class 4a without using in the manufacture thereof at least one (1) pound of wheat-flour substitutes for each two (2) pounds of wheat flour so used.

G. Special Regulations Applying to Class 4b.—Pies.

Definition: For the purposes of these regulations pies are defined as follows: Articles consisting of one or more baked crusts with filling. Pie crust consists of baked mixtures of flour, meal, or similar products, with water, shortening, and salt, and with or without sweetening or milk.

RULE 1. THIRTY-THREE AND ONE-THIRD PER CENT OF WHEAT-FLOUR SUBSTITUTES MUST BE USED.—No licensee shall manufacture

any products of class 4b without using in the manufacture thereof at least one (1) pound of wheat-flour substitutes for each two (2) pounds of wheat flour so used.

RULE 2. PROHIBITING USE OF ANIMAL FATS AS SHORTENING REPEALED JULY 19, 1918.

H. Special Regulations Applying to Class 4c.—Fried Cakes.

Definition: For the purposes of these regulations fried cakes are defined as follows: Mixtures of flour, meal, or similar products, with water, salt, leavening agents and shortening, and with or without sweetening, fruits, eggs, milk, nuts, spices, or other flavoring materials, made by cooking in fat, such as doughnuts, crullers, and similar products.

RULE 1. THIRTY-THREE AND ONE-THIRD PER CENT OF WHEAT-FLOUR SUBSTITUTES MUST BE USED.—No licensee shall manufacture any products of class 4c without using in the manufacture thereof at least one (1) pound of wheat-flour substitutes for each two (2) pounds of wheat flour so used.

RULE 2. PROHIBITING USE OF ANIMAL FATS AS SHORTENING REPEALED JULY 19, 1918.

I. Special Regulations Applying to Class 4d.—Pastry.

Definition: For the purposes of these regulations pastry is defined as follows: Articles consisting wholly or in part of baked mixtures of flour, meal, or similar products, with water, leavening agents, sweetening, shortening, and with or without eggs and milk, such as tarts, cream rolls, and slices, apple and other fruit slices, apple dumplings, patties, puff paste, and similar products.

RULE 1. THIRTY-THREE AND ONE-THIRD PER CENT OF WHEAT-FLOUR SUBSTITUTES MUST BE USED.—No licensee shall manufacture any products of class 4d without using in the manufacture thereof at least one (1) pound of wheat-flour substitutes for each two (2) pounds of wheat flour so used.

J. Special Regulations Applying to Class 5.—Quick Breads, Boston Brown Bread, Batter Cakes, and Waffles.

Definition: For the purposes of these regulations, quick breads, Boston brown bread, batter cakes, and waffles, are defined as follows: Baked or fried mixtures of flour, meal, or similar products, with water and with or without leavening agents, sweetening, shortening, eggs, and milk, such as quick breads, Boston brown bread, corn bread, muffins, baking-powder biscuits, batter cakes, butter cakes, griddle cakes, waffles, and similar products.

RULE 1. SIXTY-SIX AND TWO-THIRDS PER CENT OF WHEAT-FLOUR SUBSTITUTES MUST BE USED.—No licensee shall manufacture any products of class 5 without using in the manufacture thereof at least two (2) pounds of wheat-flour substitutes for each one (1) pound of wheat flour so used.

RULE 2. PROHIBITING USE OF ANIMAL FATS AS SHORTENING REPEALED JULY 19, 1918.

K. Proclamations Requiring Bakers to Be Licensed.

EXTRACT FROM THE PROCLAMATION OF THE PRESIDENT OF THE UNITED STATES, DATED NOVEMBER 7, 1917.

"All persons, firms, corporations, and associations, who manufacture for sale bread in any form, cake, crackers, biscuits, pastry, or other bakery products (excepting, however, those whose consumption of any flour and meal in the manufacture of such products is, in the aggregate, less than 10 barrels a month), are hereby required to procure a license on or before December 10, 1917. This includes hotels, restaurants, other public eating places, and clubs, who serve bread or other bakery products of their own baking."

EXTRACT FROM THE PROCLAMATION OF THE PRESIDENT OF THE UNITED STATES, DATED JANUARY 30, 1918.

"All persons, firms, corporations, and associations who manufacture for sale bread in any form, cake, crackers, biscuits, pastry, or other bakery products (excepting, however, those already licensed and those whose consumption of any flour and meal in the manufacture of such products is, in the aggregate, less than 3 barrels a month) are hereby required to procure a license on or before February 4, 1918. This includes hotels, restaurants, other public eating places, and clubs, which serve bread or other bakery products of their own baking."

NOTE.—Under the proclamation of November 7, 1917, all bakers using ten (10) or more barrels of flours, meals, and substitutes a month are required to obtain a license. Under the proclamation of January 30, 1918, all bakers using three (3) barrels or more of flours, meals, and substitutes a month are required to obtain a license, unless they already have a license.

The within regulations govern all licensees manufacturing bakery products. These include bakers, hotels, restaurants, dining cars, boarding houses, and other public eating places, and clubs which serve bread or other bakery products of their own baking.

Government institutions.—No institution conducted by the United States Government or by a State, or any political subdivision thereof, is required to obtain a baking license, if it does not sell any of its bakery products for consumption outside the institution.

Hospitals.—No hospital or sanatorium or similar institution, whether public or private, or charitable or noncharitable, is required to obtain a license if it does not sell any of its bakery products for consumption outside the institution.

Charitable institutions.—No charitable institution, whether public or private, is required to obtain a license if it does not sell any of its bakery products for consumption outside the institution.

NOTE.—A branch of the Young Men's Christian Association is not a charitable institution within the meaning of the term as here used.

Schools.—A university, college, or school that is not conducted by the United States or by a State or political subdivision thereof, and which is not a charitable institution, is required to obtain a baking license if it operates a bakery that consumes three (3) or more barrels of flours, meals, and substitutes a month.

Boarding camps—employees' eating places.—Persons or companies sup-

plying meals to employees, whether for cash or as part compensation for labor or services—for example, lumber, mining, or contracting companies—are subject to license if three (3) or more barrels of flours, meals, and substitutes are used a month in baking for employees by such person or company. In calculating the quantity of flours, meals, and substitutes used the total amount used in baking in all camps operated by one person or company should be included. One license to such person or company will cover all camps operated by it. The foregoing principles apply to all commercial and industrial institutions serving meals to employees as well as to companies operating camps.

Bakers using less than three barrels per month.—Bakers, including hotels, restaurants, and boarding houses, who use less than three (3) barrels of flours, meals, and substitutes a month are not required to obtain a baking license. However, such a baker *may* obtain a license and subject himself to the regulations governing baking licensees. If he does so, he shall thereupon become entitled to purchase wheat flour to be used in baking bread or rolls on the basis of one (1) pound of substitutes for every three (3) pounds of wheat flour. If he does not subject himself to license, he must purchase one pound of substitutes for each pound of wheat flour purchased.

Ships.—All ships under the American flag, other than those in the United States Navy, which use three (3) or more barrels of flours, meals, and substitutes a month in baking are required to obtain a baking license. Companies operating more than one ship must obtain a separate license for each ship that uses three (3) or more barrels of flours, meals, and substitutes a month. Foreign ships, of course, can not be required to obtain a license, but if a foreign ship does obtain a license and agrees to observe the regulations governing baking licensees it is accorded the privilege of buying wheat flour and substitutes on a 3 to 1 basis for baking bread.

General Information to Bakers:

Licensees whose methods of doing business or whose kinds and forms of products are not in conformity with the within regulations must adjust themselves to conform to them.

The United States Food Administration has not fixed any price at which bakery products must be sold. They must, however, be sold at not more than a reasonable profit.

The United States Food Administration disapproves of all kinds of rebates or discounts to favored customers.

The licensee is not required to put his license number on any of his bakery products.

There is nothing in the rules and regulations that forbid licensees from donating any of their products to churches and charitable organizations.

The United States Food Administration disapproves of all kinds of rebates.

As to when and what contracts, etc., of the licensee should bear his license number, see General License Regulations, Rule No. 22.

RECOMMENDATIONS TO BAKERS BY UNITED STATES FOOD ADMINISTRATION.

The United States Food Administrator, in view of the necessity for conserving wheat flour for shipment to the Allies and our soldiers abroad, earnestly urges all bakers to reduce their allotted consumption of wheat flour and to use more wheat flour substitutes than is required by these regulations, and, because of the unusual demands on our supplies of cane and beet sugars and all fats, to reduce their consumption of these sugars and shortening below the amounts permitted by the baking regulations.

The United States Food Administrator earnestly urges all wholesale bread

bakers to establish as the wholesale prices of their products the prices at which they will offer such products for sale in lots of twenty-five (25) pounds or more, unwrapped, for cash, at the bakery door, the prices so established to be subject to such additional charges as may be fair for wrapping and delivering when such services are performed by the baker. The United States Food Administrator requests that, when such wholesale prices are established, the licensee report this fact and state such prices to the Federal Food Administrator in the State where his bakery is located.

Inasmuch as some wholesale bakers in certain communities are now retailing bread at their plants direct to the consumer, unwrapped, undelivered, and for cash, at wholesale prices, the United States Food Administrator recommends that this practice be extended wherever bakers find it possible to do so, adding only sufficient extra charge to cover the extra expense.

Believing that frequent deliveries are uneconomical and tend to enhance prices, bakers are urged to reduce deliveries wherever possible to one a day over each route, and to consolidate deliveries or zone their territories in order to reduce the expense of deliveries as far as possible.

All the foregoing regulations relating to manufacturers of bakery products were promulgated May 3, 1918.

Special License Regulations Governing Dealers and Brokers in Cotton Seed and Peanuts and Cotton Ginners, Crushers of Cotton Seed, Peanuts, Soya Beans, Palm Kernels and Copra.

Importers of Peanuts, Peanut Oil, Soya Beans, Soya Bean Oil, Palm Kernels, Palm Kernel Oil, Copra, Copra Oil and Palm Oil, and Dealers and Brokers in Such Imported Products. Refiners of, and Dealers and Brokers in, Cotton Seed Oil, Peanut Oil, Soya Bean Oil, Palm Kernel Oil, and Copra Oil.

NOTE.—The following special regulations applying to licensees above named, were effective July 1st, 1918. All licensees subject to these regulations are also subject to General License Regulations.

A. Special Regulations Governing Licensees Dealing in Cotton Seed and Peanuts, Brokers in Such Commodities and Cotton Ginners

NOTE.—Application for a permit authorizing an exception to any of the following rules should be addressed to the United States Food Administration, Washington, D. C.

RULE 1. STORING FACILITIES MUST BE ADEQUATE.—The licensee shall not receive any commodities specified in his license, in excess of his facilities to store same and shall not store on the ground, in any building, or other place in such a manner that damage or waste will tend to result to such commodities from weather conditions or other causes.

RULE 2. COTTON SEED NOT TO BE SOLD FOR FEED OR FERTILIZERS.—The licensee shall not, without the written consent of the United States Food Administrator, sell or use cotton seed for feed or fertilizers.

NOTE.—This rule does not prohibit the sale of cotton seed meal for fertilizing or feeding purposes.

RULE 3. LICENSEE MUST NOT PAY HIGHER PRICES FOR COTTON SEED, OR PEANUTS, IN ONE MARKET THAN IN ANOTHER.—No licensee

shall pay or offer to pay higher prices for cotton seed or peanuts in one market than he pays or offers to pay for cotton seed or peanuts of the same quality in any other market; provided, however, that when zones are established as mentioned in the note to Rule B-8, he may pay varying prices in the several zones, but must pay the same price at all points in the same zone on the same day for cotton seed or peanuts of the same quality.

RULE 4. COTTON SEED OR PEANUTS TO BE HELD ONLY SIXTY DAYS—EXCEPTION.—The licensee shall not store, keep on hand, or have in his possession, or under control by contract or other arrangement, cotton seed or peanuts for a longer period than sixty days; provided, however, that he may store a quantity of less than twenty tons for such longer period as may be necessary for the requirements of his business.

RULE 5. COTTON SEED OR PEANUTS TO BE SOLD AT NOT MORE THAN REASONABLE ADVANCE OVER COST.—The licensee shall sell cotton seed and peanuts at not more than a reasonable advance over the actual cost to him of the particular cotton seed or peanuts sold, without regard to the market or replacement value at the time of sale.

NOTE.—The United States Food Administration will determine and announce differentials, spreads or compensation to represent the difference between the price paid for these commodities and the total amount any licensee engaged in the business of buying, selling or otherwise dealing in them, as principal or agent, shall be entitled to receive from the sale or negotiation thereof.

RULE 6. CARLOAD SHIPMENTS—MINIMUM WEIGHTS.—All carload shipments of cotton seed or peanuts shall be made in cars loaded to their capacity, unless a different minimum is authorized by special written permission of the United States Food Administrator.

RULE 7. WASTEFUL PRACTICES FORBIDDEN.—Every licensee owning, controlling or operating a ginnery, shall clean seed cotton and separate the seed from the lint in an efficient manner. He shall not add to or mix with any cotton seed, any matter which may or may not have been separated in the process of ginning.

RULE 8. UNREASONABLE CHARGES BY GINNERS PROHIBITED.—No licensee owning, controlling or operating a ginnery shall make any unreasonable charge for the service of cleaning seed cotton or separating the seed from the lint.

NOTE.—The United States Food Administration may determine and announce the charge to be made by licensees for performing the service known as ginning.

RULE 9.—A licensee who buys cotton seed in less than carload

quantities for sale or shipment in carload quantities, shall buy at a gross margin below the carload market price at railroad points, not to exceed $3.00 per ton. The cost of hauling from distant points to the railroad may also be deducted.

B. Special Regulations Governing Licensees Crushing Cotton Seed, Peanuts, Soya Beans, Palm Kernels or Copra, and Dealers and Brokers in the Resulting Oils

NOTE.—Crushing mills which buy and sell cotton seed or peanuts are subject in such operations to the foregoing Special Rules governing dealers. Crushing mills which import raw materials are subject in such operations to rules governing importers, following.

Application for a permit authorizing an exception to any of the following rules should be addressed to the United States Food Administration, Cotton Seed Division, Washington, D. C.

RULE 1. STORING FACILITIES MUST BE ADEQUATE.—The licensee shall not receive any commodities specified in his license, in excess of his facilities to store same and shall not store on the ground, in any building, or other place in such a manner that damage or waste will tend to result to such commodities from weather conditions or other causes.

RULE 2. LICENSEE MUST NOT PAY HIGHER PRICES FOR COTTON SEED, OR PEANUTS, IN ONE MARKET THAN IN ANOTHER.—No licensee shall pay or offer to pay higher prices for cotton seed or peanuts in one market than he pays or offers to pay for cotton seed or peanuts of the same quality in any other market; provided however, that when zones are established as mentioned in the note to Rule 8, he may pay varying prices in the several zones, but shall pay the same price at all points in the same zone on the same day for cotton seed or peanuts of the same quality.

RULE 3. STOCK OF MATERIAL AND OIL LIMITED.—The licensee shall not keep on hand or in his possession or under his control by contract or other arrangement at any time.

(1) Any greater quantity of cotton seed, domestic peanuts, and domestic soya beans than shall be equivalent to its normal crushing capacity for a period of sixty days, except that a licensee crushing two or more of such commodities may hold without special permission a supply of material for ninety days crushing, if the total amount of no one of such commodities exceeds a sixty days' supply.

(2) Any greater quantity of copra, palm kernels, imported soya beans or imported peanuts, than shall be equivalent to its normal crushing capacity for a period of six months.

(3) Any cottonseed oil, copra oil, peanut oil, soya bean oil, palm oil or palm kernel oil, that exceeds the equivalent of its production for two months.

NOTE.—Sixty days are considered calendar days, equivalent to fifty-two working days.

RULE 4. COTTON SEED, PEANUTS AND OIL NOT TO BE KEPT OVER SPECIFIED TIME.—The licensee shall not store or keep in his possession or under his control, by contract or other arrangement.

(1) Any cottonseed or peanuts for a period longer than sixty days, except during the period of actual operation of his mill;

(2) Any cottonseed oil, peanut oil, soya bean oil, palm oil, palm kernel oil or copra oil, for a period exceeding four months.

RULE 5. LICENSEE NOT TO HANDLE OIL PRODUCED BY OTHERS.—The licensee shall not buy or sell or have in his possession any cottonseed oil, peanut oil, soya bean oil, palm oil, palm kernel oil or copra oil, other than of his own manufacture; provided, that this rule shall not prevent a licensee from purchasing any such oil for use in a refinery owned by him and actually in operation.

RULE 6. LIMITATIONS IN BUYING AND SELLING.—(a) The licensee shall not buy or sell new crop cotton seed or peanuts grown in the United States, or any products made or to be made from such cotton seed or peanuts before August 1 of the year covering such new crop.

(b) The licensee shall not resell or dispose of any peanuts bought or controlled by him except by crushing, without the written permission of the United State Food Administration.

(c) The licensee shall not make any contract for the purchase or sale of cottonseed meal, cottonseed cake, cottonseed hulls, peanut meal or soya bean meal for shipment or delivery more than sixty days after the making of such contract.

(d) The licensee shall not make any contract for the sale of products extracted from imported commodities, except against actual purchases of the said commodities.

RULE 7. COTTONSEED MEAL SPECIFICATIONS AND QUOTATIONS.—The licensee shall not knowingly produce any cottonseed meal or cake testing less than 7 per cent ammonia, or its equivalent of 36 per cent protein, and testing over 7 per cent oil. In making quotation of cottonseed meal or cake, or peanut meal or cake, upon either the protein or fat content or combination thereof, he shall not use any range of percentages, but shall state that the product offered contains not less than a definite percentage.

RULE 8. COMMODITIES MUST BE SOLD AT NOT MORE THAN REASONABLE ADVANCE OVER COST.—The licensee shall sell the products of cotton seed, peanuts and soya beans at not more than a reasonable advance over the average cost to the licensee of the cotton seed, peanuts or soya beans from which such products are manufactured. A licensee who operates one or more cotton ginneries or crushing mills, shall keep separate accounts and make reports to show separately the operations of each; for the

purpose of this rule each cotton ginnery or crushing mill shall be considered as a unit, and the licensee shall not be permitted to average any costs, profits or losses between such units.

NOTE.—The United States Food Administration will divide the cotton producing territory of the United States into zones and it will determine and announce basic yields of oil, meal, linters and hulls from cotton seed for each zone, and differentials or spreads to represent the difference between the price paid for cotton seed and the total amount any licensee engaged in the business of crushing cotton seed may receive from the sale of the manufactured products of the cotton seed. The licensee will be permitted to sell all manufactured products in excess of the basic yields without reference to the established margin, provided that the price charged for such excess products shall not exceed the average price that will be indicated for the other products in said yield.

RULE 9. CARLOAD SHIPMENTS—MINIMUM WEIGHTS.—All carload shipments of cotton seed, peanut, soya bean, copra or palm kernel oil when made in tank cars must be loaded to capacity and all carload shipments of cottonseed meal, cottonseed cake, peanut meal, peanut cake, soya bean meal, soya bean cake, cocoanut or copra meal or cocoanut or copra cake, shall be made in carloads of not less than 60,000 pounds, unless a different minimum is authorized by special written permission of the United States Food Administrator; provided, however, that when cars of lower carrying capacity are used the maximum load which the car will carry may be used without such permission.

C. Special Regulations Governing Importers of Peanuts, Peanut Oil, Soya Beans, Soya Bean Oil, Copra, Copra Oil, Palm Kernels, Palm Kernel Oil and Palm Oil, and Dealers and Brokers in Such Imported Commodities

RULE 1. IMPORTERS MUST DISPOSE OF COMMODITIES WITHIN SIXTY DAYS.—No licensee importing copra, copra oil or cocoanut oil, soya beans, or soya bean oil, palm kernels, palm kernel oil or palm oil, peanuts or peanut oil, except licensees for the crushing or refining of said commodities, shall store, keep on hand or have in his possession or under control by contract any of said imported commodities for a period in excess of sixty days after the arrival of said commodities in the United States without the written consent of the United States Food Administrator.

RULE 2. SALES CANNOT BE MADE EXCEPT AGAINST ACTUAL PURCHASES.—No licensee importing or dealing in any of the said commodities shall contract to sell any of the said commodities or the products extracted therefrom except against actual purchases of the said commodities.

RULE 3. COPIES OF IMPORT CONTRACTS MUST BE FURNISHED TO FOOD ADMINISTRATION.—Every licensee importing any of the

said commodities shall forward to the United States Food Administration at Washington, D. C., a copy of all contracts for the purchase of any of said commodities within three days after the making thereof.

D. Special Regulations Governing Refiners of Cottonseed Oil, Peanut Oil, Soya Bean Oil, Palm Kernel Oil, Palm Oil and Copra Oil, and Dealers and Brokers in Such Refined Oil

RULE 1. COTTONSEED OIL OR PEANUT OIL NOT TO BE BOUGHT OR SOLD BEFORE AUGUST 1.—The licensee shall not buy or sell any cottoonseed oil or peanut oil made or to be made from new crop cotton seed or peanuts grown in the United States before August 1 of the year when such crops are grown.

RULE 2. REFINERS MUST USE EFFICIENT METHODS.—The licensee shall refine in an efficient method to produce the largest yield of edible oil.

RULE 3. CONTRACTS MUST PROVIDE FOR DELIVERY IN FOUR MONTHS.—The licensee shall not make any contract for the sale of refined cottonseed oil, refined peanut oil from domestic peanuts or refined soya bean oil from domestic soya beans, for shipment or delivery more than four months after the making of such contract.

RULE 4. IMPORTED OIL TO BE SOLD ONLY AGAINST ACTUAL PURCHASES.—The licensee shall not contract to sell refined oil made from imported commodities except against actual purchases of the imported material.

RULE 5. DOMESTIC OIL TO BE SOLD AT REASONABLE ADVANCE OVER COST.—The licensee shall sell cottonseed oil, peanut oil, manufactured from domestic peanuts, and soya bean oil manufactured from domestic soya beans, at not more than a reasonable advance over the average cost to licensee of the crude oil from which such oil was refined. The licensee may consider all refining plants operated by or controlled by such licensees as a single unit. Licensees who control mills crushing oleaginous materials must credit all raw materials obtained from such crushing mills at the same price at which they could purchase the same products in the open market at the time of transfer.

NOTE.—The United States Food Administration will indicate from time to time what margins it considers fair.

RULE 6. CARLOAD SHIPMENTS—MINIMUM WEIGHTS.—All carload shipments of cottonseed oil when in tank cars shall be loaded to capacity unless different minimum is authorized by special written permission of the United States Food Administrator.

The Following Special Regulations are Extracts From the Special Regulations Governing Feeding Stuffs in so far as Those Regulations

Apply to Dealers and Brokers in Cotton Seed Cake, Cotton Seed Hulls, Peanut Meal, Copra or Coconut Meal, Soya Bean Meal and Palm Kernel Meal.

NOTE.—The above licensees are governed by the Special Regulations applying to dealers in Feeding Stuffs contained in this book. The material parts are inserted here for convenience, and in order that all regulations in regard to Cottonseed products be together for ready reference.

RULE B-1. LIMITATION ON STOCK OF FEED UNDER CONTROL.—The licensee shall not, without the written consent of the United States Food Administrator, or his duly authorized representative, keep on hand, or have in possession, or under control by contract or other arrangement, at any time, any feed ingredients or feeding stuffs (cottonseed meal, cake, hulls, peanut meal, copra meal, soya bean meal, palm kernel meal) in a quantity in excess of the reasonable requirements of his business, for sale by him during the next sixty days.

Provided, that between May 1, and November 1, he may accumulate a total stock not at any time in excess of his reasonable requirements for sale within the next one hundred and twenty days. Any such stock exceeding a sixty days' supply shall not be increased after November 1, but nothing in this rule shall require its reduction to a sixty days' supply until March 1, of the following year. . . . .

RULE B-2. FEED DELIVERED SHALL NOT GIVE BUYER EXCESSIVE STOCK.—The licensee shall not sell or deliver to any person any feed ingredients or feeding stuffs (cottonseed meal, etc.) without the consent of the United States Food Administrator if the licensee knows or has reason to believe that such a sale or delivery will give to such person a supply of any such commodities in excess of that permitted by Rule B-1; provided, that this rule shall not prevent the sale or delivery of any feed ingredients or feeding stuffs (cottonseed meal, etc.) to any person for the Federal, State, County or municipal governments or for the government of any nation at war with Germany, or the sale or delivery of a carload to a licensee having only sufficient of that commodity to last until the arrival of such carload.

RULE B-3. CONTRACTS MUST PROVIDE FOR SHIPMENT IN SIXTY DAYS.—The licensee shall not make or have outstanding at any time any contract for the sale of any feed ingredients or feeding stuffs (cottonseed meal, cottonseed cake, hulls, peanut meal, soya bean meal, copra or cocoanut meal or palm kernel meal) for shipment or delivery more than sixty days after the making of such contract except for seeding purposes; provided, however, that this rule shall not apply to contracts with the Federal, State, County, or municipal governments or with the government of any nation at war with Germany.

RULE B-4. CARLOAD SHIPMENTS—MINIMUM LOADING.—All carload shipments of feeding stuffs shall be made in car lots of not less than 60,000 pounds unless a different minimum is authorized by special written permission of the United States Food Administrator; provided, however, that when cars of lower carrying capacity are used the maximum load which the car will carry may be used without such permission.

RULE D-1. TO BE SOLD AT REASONABLE ADVANCE OVER COST OF PARTICULAR LOT SOLD.—The licensee shall sell cottonseed meal, cottonseed cake, cottonseed hulls, peanut meal, copra or cocoanut meal, soya bean meal and palm kernel meal at not more than a reasonable advance over the actual cost of the particular commodity sold, without regard to the market or replacement value at the time of sale.

NOTE.—The United States Food Administration will from time to time determine and announce differentials, spreads, compensation, brokerage and commissions to represent the charge that the licensee may make for buying, selling, handling or dealing in the above commodities.

RULE D-2. NEW CROP COTTONSEED PRODUCTS NOT TO BE BOUGHT OR SOLD BEFORE AUGUST 1.—The licensee shall not buy or sell cottonseed or peanut meal, cottonseed cake or cottonseed hulls, made or to be made from new crop cottonseed or peanuts, grown in the United States before August 1, of the year in which such cotton crops are grown.

NOTE.—Under Special Rule B-3, these products can be bought or sold after August 1, for not more than sixty days' delivery.

RULE D-3. QUOTATIONS BASED ON PROTEIN OR FAT CONTENT.—Licensees who base quotations of cottonseed or peanut meal or cake upon either the protein or fat content, or combination thereof, shall not use any range or percentages but shall state that the product offered contains not less than a definite percentage.

GRAIN

The Organization of the Grain Corporation.

In undertaking the purchase of wheat, it was determined to dislocate the normal machinery of the grain and other trades to the least degree possible, consonant with the elimination of speculation, and therefore, the Food Administration determined to make this purchase at the primary interior terminals through the already established marketing machinery of the country, and to follow the customs of the trade as closely as possible in its operations. The finance for these operations was provided by the United States Treasury. It was decided to set up a corporation, the whole of the stock of which should be owned by the United

States Government, and for this purpose the United States Food Administration Grain Corporation was organized on the authority of the President with a capital of $50,000,000, its direction being in the hands of the Grain Division of the Food Administration. By an executive order of the President, dated June 21, 1918, the capital stock of this corporation was increased from $50,000,000 to $150,000,000. This Corporation was organized as an agency for making effective the Government guarantee of wheat prices. Under the Food Law a guaranteed minimum price of $2.00 per bushel for wheat was established for the 1918 harvest. See Sec. 11 of Food Control Law. The expansion of the grain corporation by the executive order of the President, above referred to, was issued to accomplish two purposes:

First: To enable the Food Administration to make the necessary readjustments in wheat price to cover the increase in railway rates. The intention is, so far as the complex problem of railway rates will permit, to readjust prices at the guaranty terminals on such a footing as to place the farmer in the position, as near as may be, he enjoyed prior to the increase in rates. A Traffic Committee is working on the problem.

The second purpose of the President's Executive order was to provide for the increased capital to the Grain Corporation necessary to carry out the Government guaranty to the producer. The Food Administration operates its handling of wheat, flour, and other cereals through the Food Administration Grain Corporation, the capital of which during the past year has been $50,000,000, the whole of the stock being owned by the Government. The full appropriation under the Food Bill for this purpose is $150,000,000 and the balance of the capital must now be employed in order to make good the guaranty, in view of the large harvest. The Grain Corporation will, on July 1, have completed its operations for the past harvest year and will show its original capital intact, with a small surplus, as the result of its trading operations. The turn-over of the Grain Corporation during the year in wheat, flour, beans and other products purchased for internal and Allied Army and Navy purposes was about $450,000,000.

Organization of the Milling Division.

Under the leadership of leading representatives of the Millers of the country, which was undertook to regulate their trade by a voluntary agreement, to the end that maximum efficiency in operation should be maintained, milling profits restrained within determined limits, and conservation measures undertaken to prevent waste in flour production. The Milling Division has furnished the material and the machinery for the purchase of all of the flour requirements of our European Allies. The Milling

Division, in co-operation with the Distribution Division, exercises supervision over the operations and profits of licensed flour jobbers and handlers of flour, where such jobbers, etc., are allied with, or controlled by flour milling interests. The activities of the Milling Division are directed through its general office organization at New York, and the nine divisional offices located at milling centers throughout the United States; comprehensive, periodic reports bringing them in direct contact with the mills.

Organization of the Wholesale and Retail Division.

The control of the flour wholesalers and flour jobbers was covered by a presidential proclamation. The special regulation governing wholesalers and jobbers of licensed, non-perishable food commodities contained in this book, contain all the regulations governing wholesalers and jobbers of wheat flour. This trade is subject to a system of reports required to be made under oath to the Food Administration. These reports are closely scrutinized, and any violators of the law which are disclosed by these reports, will, of course, be subject to a revocation or suspension of their license, and liable also, to a prosecution under the statute.

Voluntary Agreements Under Section 2 of the Food Control Act.

Section 2 of the Food Control Law, provides that in carrying out the purposes of this law, the President is authorized to enter into any voluntary arrangements with any agency or person, etc. Pursuant to the power thus invested in the President, a voluntary agreement between the Food Administration Grain Corporation and Elevators, in the following form, was submitted to all Elevators and Warehouses in the United States:

Agreement.

THIS AGREEMENT made and entered into this..... day of....., 191....., between the FOOD ADMINISTRATION GRAIN CORPORATION (hereinafter called the "Grain Corporation"), party of the first part, and the undersigned ..... (hereinafter called the "Proprietor"), party of the second part:

WITNESSETH:

WHEREAS, The Grain Corporation has been created, and is being used, by the President of the United States, as an agency to carry out the provisions of an Act of Congress, approved August 10, 1917, known as the Food Control Act;

WHEREAS, The undersigned..... is the proprietor of an elevator located at..... capacity.....bu.; character of plant (wood, steel, concrete, tile), or list of elevators attached and made a part hereof

Cross out words that do not apply.

(hereinafter, whether one or more, called the "Elevator"), which is maintained and used for the storage of wheat, and the Proprietor is desirous of aiding and promoting the efficient administration of said Act and of securing the purposes thereby to be accomplished;

NOW, THEREFORE, In consideration of the premises, it is agreed between the parties hereto as follows:

First: (*a*) The Proprietor grants unto the Grain Corporation the right at any time, to direct the retention in the Elevator of all or any part of such stocks of wheat owned by the Proprietor as may at the time of such direction be in the Elevator, and similarly to direct the retention of stocks of wheat which may be accumulated in his ownership at any time thereafter, and the Proprietor agrees to abide by and perform such direction, and the Grain Corporation agrees to pay the Proprietor from the date of such retention until relinquished or the grain is shipped or delivered in accordance with its direction, a rate of one fifteenth (1/15) cent per bushel per day, which rate covers storage, insurance and interest.

(*b*) The Proprietor grants unto the Grain Corporation the right to direct the shipment and delivery of all or any part of such stocks of wheat as may at the time of such directions be in the Elevator, and the Proprietor agrees to abide by and perform such direction, and the Grain Corporation agrees to adjust freight and prices so that the net returns to the Proprietor F. O. B. the Elevator shall be the same as if shipped to the Grain Corporation's basic terminal market customarily used before the exercise by the Grain Corporation of this right of direction.

(*c*) The Proprietor grants unto the Grain Corporation the right at any time and from time to time to engage and reserve all or any portion of the empty storage space in the Elevator for the purposes directed by the Grain Corporation and the Proprietor agrees to abide by and perform such engagement, reservation and direction, and the Grain Corporation agrees to pay the Proprietor therefor, during such period of engagement and reservation, a fair rate of storage; and as actual grain accumulates in such space, the storage, insurance and interest, as provided in clause (*a*) above.

Second: The Proprietor agrees, in the absence of any contrary direction under the grants aforesaid, to ship all wheat owned by the Proprietor in the Elevator in the regular course of business as fast as cars are available, and to use all due diligence in obtaining cars for such shipments, and agrees that in purchasing wheat at country points the price to the seller will not be depressed by the possible expense of carrying wheat in the Elevator due to car shortage. In case the Proprietor, from and

after the date of his first weekly report in January, 1918, to the United States Food Administration, shall be unable to ship in any week covered by the time embraced in any weekly report, such total quantity of all grains, including shipments of wheat, corn, rye, oats, barley, as make the equivalent of at least twenty per cent. of the amount of wheat (wheat only) in the Elevator at the beginning of such week, the Grain Corporation agrees to pay to the Proprietor, to cover insurance and interest for such week, seven-twentieths of a cent, per bushel, on the amount of wheat in the Elevator at the beginning of such week. For the purposes of this paragraph, wheat retained in the Elevator pursuant to the provisions of Article First, Clause (a) hereof, shall be deemed equivalent to shipment, but on all wheat so retained, the Grain Corporation will make payment to the Proprietor in accordance with the provisions of said Clause (a).

Third: As additional consideration for the grants and agreements of the Proprietor aforesaid, the Grain Corporation agrees that it will protect the Proprietor against any decline which may take place at any time in the Grain Corporation's price-basis at the said terminal, to the extent of the unsold wheat belonging to the Proprietor in the Elevator or en route from the Elevator to the terminal.

Fourth: The Proprietor agrees to obey all rules and regulations of the United States Food Administration, and except as herein expressly provided otherwise, the Proprietor shall be free to continue the conduct of his lawful business, as if this agreement did not exist.

Fifth: This agreement shall remain in force during the effective period of said Food Control Act, unless sooner terminated by the Grain Corporation as provided in Article Sixth hereof.

Sixth: This agreement may be terminated by the Grain Corporation at any time by giving thirty days previous notice thereof to the Proprietor and in case such notice of termination is given, the Grain Corporation agrees to protect the Proprietor, in respect to all his stocks of wheat in the Elevator at the date of such notice, against any decline in the Grain Corporation price-basis as provided in Article Third hereof.

WITNESS our hands and seals the day and year first above written.

FOOD ADMINISTRATION GRAIN CORPORATION,

Attest: ..... *By* .....

Secretary. *Vice-President.*

Witness: ..... (Elevator sign here)

.....

A substantially similar voluntary agreement was created between the Food Administration Grain Corporation and the flour millers. This agreement was in the following form:

"*THIS AGREEMENT,* Made and entered into this..... day of.....A. D. 1917, between the Food Administration Grain Corporation, of the one part, and the undersigned..... of..... (hereinafter called the miller), of the other part;

WITNESSETH: WHEREAS, The said Food Administration Grain Corporation has been created pursuant to an Act of Congress approved August 10, 1917, and known as the Food Control Act; and

NOW, THEREFORE, In consideration of the premises it is mutually agreed as follows:

First: The miller hereby agrees that in purchasing wheat .....shall observe and respect and be governed by all rules and regulations which said Food Administration Grain Corporation may from time to time enact and promulgate.

Second: Said Food Administration Grain Corporation hereby expressly guarantees the miller against a loss by a decline in value on all accumulated surplus of unsold wheat bought in accordance with the Grain Corporation's regulations, and flour ground therefrom, in the event of a decline from the price at which said wheat was bought, which said guaranty shall be adjusted promptly after change of price. Said Corporation further agrees to endeavor to maintain in available positions, an adequate supply of suitable wheat to meet the milling demands of the miller at the general price level of wheat, as recommended by the Price Commission with such adjustments, by reason of freight, storage, insurance, interest or other causes as shall be deemed necessary by the Grain Corporation, it being the intent of the Grain Corporation to make no profit on sales of wheat to the miller.

Third: In consideration of the assurance against loss by a decline in price as described in Paragraph 2, the miller hereby agrees to pay to the said Food Administration Grain Corporation a fee equal to one per cent. on all wheat purchased by..... at a price level based upon that fixed by the Price Commission established under the authority of the Food Administrator, or purchased under the direction of the Grain Corporation and used by the miller for milling purposes (exclusive of grain bought to fill existing contracts). This fee shall be accounted for and paid over to the Grain Corporation monthly on the basis of grain so bought and actually milled during said period. This charge is

intended, so far as may be, to equalize storage charges and other expenses of holding and handling grain held by the said Grain Corporation, and it is the intent as above of said Grain Corporation to make no profit in the sales of wheat to the millers.

IN WITNESS WHEREOF, The parties hereto have subscribed this agreement by their duly authorized representatives the day and year first above written.

FOOD ADMINISTRATION GRAIN CORPORATION.

Attest: *By*

.....

.....

Witness:

.....

Plan of Wheat and Flour Control for the 1918 Wheat Crop.

It is of course generally known that the value of wheat of various grades and varieties depends upon three factors: First, the relative distance from the consuming markets, because of the differences in freight rates to the points named below; second, the variety of the wheat and its relative value for flour production; third, the grade of the wheat as to quality and impurities within the various varieties.

These differences have been established by years of custom and experience, and it is the object of the Food Administration, in giving effect to the law, to equably reflect these differences in value as far as physically possible.

In order to simplify accounting and to avoid "red tape," the President authorized the creation of the United States Food Administration Grain Corporation, as in instrument of the Food Administration, to carry out the financial details of buying and selling wheat and various cereal commodities. Therefore contracts and payments are made in the name of the United States Food Administration Grain Corporation, which operates without profit, charging such differentials as will cover risks, storage, and insurance.

Likewise then United States Department of Agriculture, acting under the Grain Standards Act, has endeavored to establish wheat grade definitions according to relative merits of various qualities and varieties of wheats.

The following are the fair price basis, and wheat classes and grades, on which the Food Administration Grain Corporation will buy wheat in elevators at the points named:

1. The wheat grades are those adopted by the United States Department of Agriculture, under the Grain Standards Act,* July 15, 1918.

2. The Food Administration "fair prices" are named below for "basic" wheats, and the market relations fixed as follows:

New York	$2.39½
Philadelphia	2.39
Baltimore	2.38¾
Newport News	2.38¾
Duluth	2.22½
Minneapolis	2.21½
Chicago	2.26
St. Louis	2.24
Kansas City	2.18
Omaha	2.18
New Orleans	2.28
Galveston	2.28
Tacoma	2.20
Seattle	2.20
Portland	2.20
Astoria	2.20
San Francisco	2.20
Los Angeles	2.20

BASIC WHEATS.—No. 1, Northern Spring; No. 1, Hard Winter; No. 1, Red Winter; No. 1, Durum; No. 1, Hard White.

Intermountain basis f. o. b. outgoing car, $2.00.

The above are for "basic" wheats. Certain other classes and varieties of wheats will be dealt in at premiums over, and others at discounts under, the above prices.

The "premium" wheats are as follows:	Premium
No. 1, Dark Hard Winter	2 cents
No. 1, Dark Northern Spring	2 cents
No. 1, Amber Durum	2 cents

The "discount" wheats are as follows:	Discount
No. 1, Yellow Hard Winter	2 cents
No. 1, Red Spring	5 cents
No. 1, Red Walla	7 cents
No. 1, Red Durum	7 cents
No. 1, Soft White	2 cents
No. 1, White Club	4 cents

DISCOUNTS FOR OTHER GRADES THAN No. 1

No. 2, Wheat, 3 cents under No. 1.
No. 3, Wheat, 7 cents under No. 1
Grade below No. 3 will be dealt in on sample on merit.

NOTE.—The grade discounts for No. 2 and No. 3 are made with the expectation that mills and dealers will absorb the better qualities of these

grades at a premium over these fixed differences at which the Government will buy, and with the expectation that the qualities tendered to the Government will approach the minimum of the grade. It is also expected that the character of the wheat going into No. 4 and No. 5 grades will be of such wide range that it would not be fair to the producer to name a fixed price at which the Government will buy. It has therefore been left to the discretion of the Government representatives to buy the wheat which is represented by the No. 4 and No. 5 grades, as well as wheat which is represented by "sample," on the basis of their judgment as to its proper value.

Where the term "primary markets" is used in this statement it refers to points at which the Grain Corporation maintains buying agencies, as named above.

Details of Buying Plan.

The Food Administration Grain Corporation will buy on the above fair price bases at the principal primary markets as named.

The Food Administration Grain Corporation will buy warehouse receipts in approved elevators at the principal primary markets as named above. In the Inter-Mountain territory, where there are no public storage facilities available, an adjustment will be made to make effective the $2.00 minimum for the No. 1 grade f. o. b. outgoing car, available for transportation to a public terminal elevator. The Inter-Mountain region comprises Southern Idaho, Western Montana, Western Wyoming, Nevada, Utah, Western Colorado, New Mexico, and Arizona. further details can be obtained at Grain Corporation offices.

At all these principal primary markets there is an open market where all classes of buyers are well represented, and the producer and the consumer will be amply protected through the competitive activities of the several interests, the Food Administration Grain Corporation being prepared to buy and protect the "fair price" basis.

As the miller is restricted to a "fair price" basis for his flour, he cannot pay more for wheat than the expense of milling and a reasonable profit will allow.

The farmer can protect himself by the study of the primary prices, deducting intermediate charges, or he can ship to the Food Administration Grain Corporation, or he may ship to a commission merchant at a terminal market, and through him secure the benefit of competitive buying.

There is nothing in the "1918 plan" which prevents a buyer at point of origin from placing his own grade upon the wheat which he purchases. If, by the buyer's act, the grade is raised, it is equivalent to an increase in the price. If the buyer lowers

the grade, the producer or dealer's protection is to ship to the Food Administration Grain Corporation.

Marketing Direct to Food Administration Grain Corporation.

Producers or dealers have the right to bill cars of wheat direct to the Food Administration Grain Corporation at any of the principal primary markets named above. When the wheat is unloaded in the elevator, and weight and grade returns are made to the Food Administration Grain Corporation, remittance will be made on the basis of weight and grades so reported, and on the basis of the Government price less one per cent (1%) administration charge for the service.

Transportation.

The Government does not discriminate between shippers in matters of transportation.

Traffic Bureau.

The Food Administration maintains a Traffic Bureau for the purpose of assisting shippers of grain and flour in securing their car supply, and also in expediting the movement of shipments to destination. Application for assistance can be made to Food Administration Grain Corporation offices in each primary market.

CHARGES FOR HANDLING: Country elevators and buyers are entitled to receive fair compensation for their services in the handling and marketing of wheat, and the charges for such service are necessarily a deduction from the terminal price of wheat. These charges or margins are well established by custom, and vary in different sections of the country according to local conditions.

INSURANCE: The Government carries no insurance on the property which it owns. It does, however, require that the elevator operators shall exercise due diligence in protecting grain stored in their warehouses from ordinary hazards. Owners of grain stored in warehouses or elevators should therefore protect their grain so stored which has not been delivered to or paid for by the Food Administration Grain Corporation.

INSPECTION: Shippers to any of the principal primary markets should insist that their grain be inspected and graded by inspectors licensed by the Secretary of Agriculture.

Producers and dealers, in shipping grain to said primary markets, should advise their commission man to see that their grain is correctly inspected and graded, and that if

in his judgment the grain has been improperly graded, an appeal should be taken to the Federal Supervisor.

It is the policy of the Food Administration and of its agents and representatives to work in entire harmony with the Department of Agriculture in maintaining the integrity of grades named and defined by them under the Grain Standards Act, in order that the producer, the consumer and all interests handling grain may be properly protected.

The producer or dealer should always keep in mind, that if he is not satisfied with the prices paid by individual buyers, or with the grading of wheat, his protection lies in his being able to ship to the Food Administration Grain Corporation at the various terminal markets named above.

Flour Milling Profit Control.

The plan for the profit control of flour milling for the 1918 crop is formulated on the basis of naming a maximum "fair price" at which any miller may sell flour and feed.

This maximum "fair price" is based upon a reasonable allowance, above the fair price for basic wheat, for handling, milling and marketing expenses, freight charges on products, and profit. It is anticipated that competition will eventually reflect reductions from these prices.

Special License Regulations Governing Wheat Millers and Manufacturers of Mixed Flour.

NOTE.—The following regulations were effective July 22, 1918. The above licensees are also subject to the general license regulations, supra, which together with the following special regulations, supersede and cancel all regulations, governing the above licensees, issued prior to July 22, 1918.

A. Special License Regulations Governing Manufacturers of Wheat Flour, Mixed Flour and Wheat Mill Feed.

Dealing in Wheat.—Any wheat our miller who resells wheat without milling is subject in such operations to the rules governing dealers in wheat contained in a separate pamphlet.

Dealing in Flour or Feed.—Any wheat flour miller who buys flour or feed for resale is subject, in such dealings, to the rules and margins prescribed for wholesalers or retailers of such commodities.

Mixed Flour.—Mixed Flour is defined for the purpose of these rules as a Mixed Flour containing 50 per cent. or more of wheat flour. Wherever the words "Wheat Flour" are used in the following rules they shall be construed to include all such Mixed Flours, and Whole Wheat or Graham Flours, unless otherwise stated. The words "Wheat Miller," wherever used in these rules, shall include manufacturers of Mixed Flour.

Reconditioners of Flour are subject to license under the President's proclamation of October 8, 1917, licensing all persons engaged in the business of "manufacturing (including milling, mixing and packing), or distributing (including buying and selling)," wheat flour. They are also

subject to the General License Regulations Number 1 and to above Special License Regulations governing manufacturers of wheat flour. The word "manufacturer" as used in the title to these regulations is considered to include all processing, including reconditioning. Rule 19 of such Special License Regulations prescribes the differential permitted to licensees reconditioning flour.

RULE M. S. 1. STORAGE SPACE SUBJECT TO GOVERNMENT COMMAND. The storage space or any part thereof in all warehouses, elevators and other plants used for the storage of wheat or any products thereof shall be at the command of the United States Food Administration whenever the United States Food Administrator, or his duly authorized representative, shall deem it necessary to utilize such space for Governmental purposes.

RULE M. S. 2. STORAGE OF WHEAT LIMITED. No wheat shall be received for or kept in storage by any licensee other than for the United States Government or some agency thereof for a longer period than thirty days without the consent in writing of the United States Food Administrator, or his duly authorized representative.

RULE M. S. 3. THIRTY DAYS' SUPPLY OF UNSOLD WHEAT AND FLOUR IN THE AGGREGATE. The wheat miller shall not keep on hand or have in his possession at any time wheat or wheat flour and wheat mill feed, in quantities in excess of the reasonable requirements of his business, for shipment or delivery by him during the next thirty days, nor shall he have purchased, or in transit, in addition to such thirty days' stock, more than a sufficient amount of wheat to maintain such thirty days' stocks, without the written permission of the United States Food Administration or its duly authorized representative, provided that this rule shall not prevent any licensee from having on hand not to exceed a carload of such commodities.

NOTES.—*Special Wheat Storage Permits.* Application for written permission to hold a greater quantity of wheat, or to hold wheat for a longer time than is permitted by Rules 2 and 3, should be made to the Manager of the Grain Zone in which the place of storage is located. It is the intention to grant such application freely where the occasion justifies.

Special Wheat Flour or Mill Feed Storage Permits. Application for written permission to store a greater quantity of flour or mill feed, or to store flour or mill feed, for a longer time than is permitted by Rule 3, should be made to the Federal Food Administrator of the State in which the place of storaoge is located.

Rules Regarding Wheat Conservation.

RULE M. S. 4. MINIMUM FLOUR EXTRACTION. The wheat miller shall not use more than 264 pounds of 58 pound per bushel or heavier clean wheat in making 196 pounds of flour. In grinding wheat of other test weights he shall not use an amount in excess

of that shown in the following schedule in making 196 pounds of flour.

Test Weight of Wheat per Bushel.	Pounds Wheat per 196 Pounds Flour.	Percentage of Flour Extraction.
58 lbs. or heavier	264 lbs.	74.3
57 lbs. or heavier	268 lbs.	73.2
56 lbs. or heavier	272 lbs.	72.1
55 lbs. or heavier	276 lbs.	71
54 lbs. or heavier	281 lbs.	69.8
53 lbs. or heavier	286 lbs.	68.6
52 lbs. or heavier	292 lbs.	67.2
51 lbs. or heavier	298 lbs.	65.8

Definition of Clean Wheat.—Clean wheat shall be construed to mean wheat after it has passed over the receiving and first milling separators.

Definition of Red Dog.—Red Dog (flour or feed) shall be considered as wheat mill feed for the purpose of these regulations.

NOTES.—*Custom Milling and Exchange Transactions.*—The above rule of extraction applies to custom milling and exchange transactions as well as to merchant milling.

Quality of Flour.—The above rule of extraction must be conformed to regardless of the quality of flour produced.

Labeling of Packages.—The wheat miller complying with the foregoing rule may place upon his packages the words "Milled in Accordance with the United States Food Administration Regulations."

Allowable Feed Extraction.—If the wheat miller obtains a greater quantity of wheat mill feed, in addition to screenings, per barrel of flour, than is shown in the following schedule, he has violated the foregoing rule regarding flour extraction:

Test Weight of Wheat Per Bushel.	Maximum Permissible Feed Returns Per 196 Pounds Flour Manufactured.
58 lbs. or heavier	68 lbs.
57 lbs. or heavier	72 lbs.
56 lbs. or heavier	76 lbs.
55 lbs. or heavier	80 lbs.
54 lbs. or heavier	85 lbs.
53 lbs. or heavier	90 lbs.
52 lbs. or heavier	96 lbs.
51 lbs. or heavier	102 lbs.

RULE M. S. 5. WHEAT NOT TO BE USED FOR FEEDING; EXCEPTIONS. The wheat miller shall not, without the written permission of the United States Food Administration, Feedingstuffs Division, Washington, D. C., grind, crack or sell wheat or wheat flour for feeding purposes or use wheat or wheat flour in manufacturing or mixing feed; provided, however, that poultry or pigeon feed containing not more than ten per cent of wheat unfit for human consumption may be manufactured and sold; pro-

vided, further, that any wheat unfit for human consumption and unfit for poultry or pigeon feed may be used for other feeding purposes.

RULE M. S. 6. ONLY ONE GRADE OF FLOUR TO BE MADE. The wheat miller shall make only one grade of pure wheat flour, namely, 100 per cent. "straight" flour, except with the written permission of the United States Food Administration, and such 100 per cent. flour shall not be subjected to separation or division.

NOTE.—Application per Permits should be made to the United States Food Administration, Cereal Division, Flour Milling Section, Washington, D. C.

RULE M. S. 7. USE OR SALE OF WHEAT FLOUR FOR OTHER THAN HUMAN CONSUMPTION PROHIBITED. The wheat miller shall not use wheat flour or sell such flour to be used for any other purpose than human consumption, or for the manufacture of gluten flour or wheat starch, without the written permission of the United States Food Administration, Distribution Department, Washington, D. C.

RULE M. S. 8. MANUFACTURE OF FARINA, PURIFIED MIDDLINGS, SEMOLINA OR SPECIAL GRANULAR MACARONI FLOUR. Farina, purified middlings, semolina or special granular macaroni flour shall be made only with the written permission of the United States Food Administration, Cereal Division, Flour Milling Section, Washington, D. C. When permission is granted to manufacture such products the wheat miller using other than Durum wheat may separate from his wheat for that purpose not to exceed 5% of the mill's wheat flour production, and the wheat miller using Durum wheat may separate from his wheat for that purpose not to exceed 7% of his total wheat flour production, provided that the total production of wheat flour and the products named above in the aggregate shall not be less than is prescribed by preceeding Special Rule M. S. 4 for flour extraction. Prompt and full reports of all sales of such special products, giving the names of purchasers, destinations and amounts sold, must be made to the United States Food Administration, Cereal Division, Flour Milling Section, Washington, D. C.

RULE M. S. 9. WHEAT NOT TO BE WASTED. The wheat miller shall not subject wheat to any treatment or manipulation that will result in waste of wheat from which flour fit for human consumption can be made.

RULE M. S. 10. MANUFACTURE OF MIXED FLOUR. The wheat miller shall not manufacture mixed flour containing less than 25 per cent of substitute flours, to-wit, corn flour, barley flour, oat flour, rice flour, buckwheat flour, potato flour, sweet potato flour,

milo flour, kaffir flour, feterita flour, bean flour, cassava flour, taro flour or banana flour. All corn flour and barley flour used shall conform to the specifications therefor prescribed by the regulations governing corn and barley millers. All other substitute flours used shall be limited, as far as practicable, in moisture, fat content and acidity, so that the resulting product shall have good keeping qualities.

NOTES.—The following are the specifications prescribed for corn flour and barley flour:

Corn Flour.—Shall be made from clean, sound corn, hominy, grits or cream meal, and shall be of a texture fine enough so that not less than 75% will sift through No. 9XX bolting silk, and balance shall sift through No. 72 grits gauze; shall be of an even color and shall contain not more than 13½% moisture and 1½% fat by ether extraction, or 12½% moisture and 2% fat. Not to exceed 70 pounds of corn flour shall be made from 100 pounds of corn. Such corn shall be clean and sound and contain not to exceed 14½% moisture.

Barley Flour.—Shall be milled from clean, sound barley and shall be of a texture fine enough to sift through No. 9XX bolting silk; and shall be of a uniform color and shall contain not more than 11½% moisture and 1½% fat by ether extraction, and not more than 55 pounds of barley flour shall be made from 100 pounds of clean, sound barley.

Labeling.—The licensee manufacturing mixed flour must state upon the package the percentage of all ingredients therein in accordance with the requirements of the Bureau of Chemistry, Department of Agriculture, under the Pure Food Law.

Tax.—Mixed flour can be manufactured only under regulations concerning mixed flour issued by the Commissioner of Internal Revenue under the Internal Revenue Act approved June 13, 1898, as amended by Act of April 12, 1902. Millers and blenders or others desiring to engage in the manufacturing or blending of mixed flour may obtain these regulations upon application to any Collector of Internal Revenue or to the United States Internal Revenue Department, Washington, D. C., requesting specifically copies of regulations No. 25 concerning mixed flour. These regulations must be strictly complied with.

Profits, Prices and Differentials.

RULE M. S. 11. WHEAT FLOUR AND FEED TO BE SOLD AT REASONABLE ADVANCE OVER COST OF WHEAT AND PACKAGES. The wheat miller shall sell flour and feed at not more than a reasonable advance over the average purchase price of the wheat from which it is manufactured, plus the cost of packages; provided that if any such miller pays more for wheat than the customary market price in that locality, as evidenced by the fair guaranteed price basis established by the President's proclamation of February 21, 1918, he shall not be permitted to include in his average purchase price, for the purpose of this rule, the excess over such customary market price.

NOTES.—*Fair Price Schedules.*—The United States Food Administration will publish from time to time and furnish to any wheat miller a maximum fair price schedule for flour and feed established with relation to the guar-

anteed price basis for wheat. Any sales of flour or feed in excess of this fair price schedule will be regarded as a violation of the above rule, and any price at or below the fair price schedule will be regarded as a compliance with the above rule.

Mixed Flours.—The above rule and fair price schedule apply to "mixed flour" containing 50% of wheat and whole wheat and graham flour, as well as to wheat flour. Sales of mixed flour, whole wheat and graham flour will be considered to return an excessive profit if made at a price in excess of the fair price schedule or of the licensee's current selling price of wheat flour.

Soft Wheat Feeds.—The Food Administration will regard as reasonable the sale of wheat mill feeds containing not less than 90% soft winter wheat at a price not more than $2 in excess of the maximum fair price schedule for other wheat mill feeds; provided that all shipments or deliveries of such mill feeds are made in packages which are plainly marked "Manufactured from soft winter wheat."

RULE M. S. 12. PACKAGE CHARGE. In arriving at the per barrel package cost for the purpose of Rule 11 the licensee shall use the current cost of two 98-lb. cotton sacks of standard size and grade as quoted for lots of 1,000 bags, plus any freight or transportation charges. The charge for any other size or style of packages as furnished by mill or buyer shall be calculated on the basis of such 98-lb. cotton sacks, plus or minus the differential which will be indicated from time to time by the United States Food Administration.

RULE M. S. 13. FLOUR PRICE SCHEDULE AND DIFFERENTIALS SHOULD BE DISPLAYED IN MILL. The wheat miller shall cause to be displayed in his principal place of business and mills, warehouses and agencies maintained, controlled or operated by him such flour price schedule and package differentials as may be furnished to him from time to time by the United States Food Administration, and a schedule showing cost of sacks and other charges. He shall furnish copies of any such documents to buyers upon request.

RULE M. S. 14. MAXIMUM PERMISSIBLE MARGINS OVER CARLOT BULK ON VARIOUS CLASSES OF SALES. All sales of wheat flour and wheat mill feed shall be classified as follows, and the wheat miller shall not charge more than the maximum margins indicated for each class over his carlot price, bulk, mill, cash or draft terms:

Class A: Sales to any buyer in carload lots, bulk mill, cash, or draft attached to bill of lading.
Basis.

Class B: Sales to any buyer in mixed carloads of wheat flour, wheat flour substitutes, and feed (containing at least 40% of feeds and/or wheat flour substitutes):
Flour, not more than 25c. per barrel over basis.
Feed, not more than 50c. per ton over basis.

Class C: Sales of "Consigned" flour to wholesale dealers from cars or docks, in carload lots (not delivered), 25c. per barrel over basis.

Class D: Sales of "Consigned" flour to wholesale dealers, from cars or docks, in less than carload lots (not delivered), 35c. per barrel over basis.

Class E: Sales of flour to any buyer, other than individual consumer, less than carload lots (not delivered) and excepting sales as per Schedules "C" and "D".

Not more than 50c. per barrel over basis.

Class F: Sales of flour in less than carload lots to individual consumers (not including bakers or public eating places):

Not more than $1.20 per barrel over basis.

Class G: Sales of feed to wholesale dealers in less than carload lots and not less than one ton:

Not more than $1.00 per ton over basis.

Class H: Sales of feed to retail dealers in less than carload lots and not less than one ton:

Not more than $2.00 per ton over basis.

Class I: Sales of feed in less than ton lots to feed dealers:

Not more than $3.00 per ton over basis.

NOTES.—*Credit.*—Where credit is extended on flour or feed, only the actual interest may be added.

Only One Margin Over Basis Permitted.—Not more than one of the margins over basis, as indicated above, shall be added by the wheat miller, on the sale of any lot of flour or feed.

Sales of Feed to Consumers.—Sales of feed to consumers must be made at not more than a reasonable margin over basis. The Federal Food Administrator of the State where the mill is located will indicate what margins will be considered reasonable.

NOTE.—Schedule of fair flour and feed prices basis carload lot bulk at mill, which have been designated up to the time of this publication.

Cost of freight and packages and cost of handling less than carload quantities to be added to these prices to find delivered cost to the purchaser from mill.

Milling Point.	Flour.	Bran.	Mixed Feed.	Middling, Shorts and Red Dog.
Boston	$10.65	$29.66	$31.91	$32.66
New York	10.61	30.26	31.51	32.26
Philadelphia	10.56	29.86	31.11	31.86
Baltimore	10.56	29.66	30.91	31.66
Nashville, Tenn.	10.38	27.46	28.71	29.46
Atlanta, Ga.	10.73	31.06	32.31	33.06
Louisville, Ky.	10.30	26.86	28.11	28.86
Durham, N. C.	10.75	31.26	32.51	33.26
New Orleans	10.16	27.26	28.51	29.26
Galveston, Texas	10.23	29.76	21.01	31.76
Buffalo, N. Y.	10.33	28.16	29.41	30.16
Cleveland, Ohio	10.33	27.76	29.01	29.76

Duluth, Minn.	10.05	23.36	24.61	25.36
Minneapolis, Minn.	10.01	23.36	24.61	25.36
Grand Forks, N. D.	9.77	20.82	22.07	22.82
Great Falls, Mont.	9.33	16.67	17.92	18.67
Aberdeen, S. D.	9.65	19.95	21.20	21.95
Wichita, Kas.	9.58	19.41	20.66	21.41
Fort Worth, Texas	10.12	28.66	29.91	30.66
El Paso, Texas	10.36	31.16	32.41	33.16
Omaha, Nebr.	9.89	22.26	23.51	24.26
Kansas City, Mo.	9.89	22.26	23.51	24.26
Portland	9.95	23.15	24.40	25.15
Tacoma	9.95	23.15	24.40	25.15
Astoria	9.95	23.15	24.40	25.15
Seattle	9.95	23.15	24.40	25.15
San Francisco	10.15	23.75	25.00	25.75
Los Angeles	10.35	24.30	25.55	26.30
San Diego	10.27	26.81	28.06	28.81
Chicago	10.14	25.26	26.51	27.26
St. Louis	10.09	24.46	25.71	26.46

These fair price schedules have been calculated and forwarded to practically every mill in the country. These schedules will give the price for flour and various kinds of feeds that are considered by the Food Administration as fair for sales on cash or draft payment prices in carload lots bulk at the mill. For the maximum permissible margins on carload bulk on various classes of sales, see the above permissable margins. No doubt, competition will very often result in lower prices than the so-called "Fair Price Schedule." To find what may be considered a fair price from the consumer's standpoint, it is necessary to add to these prices the cost of packages, which for flour at the present time, averages approximately 65 cents per barrel where flour is shipped in 98-pound or larger sacks, with cost of other containers running as high as $2.55 a barrel over the bulk price, where flour is shipped in small packages such as two-pound cotton sacks. To find the delivered cost of flour in carload lots, it is necessary to add the freight from the milling point, which in carload lots from Minneapolis to New York at the present time is 69 cents per barrel. When sales are made by mills in smaller than carload lots, it is considered fair by the Food Administration that additional charges be made because of the additional cost of handling the smaller sales and shipments, namely, sales in less than carload lots, 50 cents per barrel on flour to dealers (not delivered) and $1.20 to actual consumers over each mill's carload fair price schedule. The margins allowed jobbers who are not millers, remains unchanged, namely, 50 to 75 cents per barrel when selling to retailers, who in turn, are allowed margins of 80 cents to $1.20 per barrel over the cost to them. For the rules and regulations governing sales of flour by wholesalers, see Page 51.

RULE M. S. 15. PERMISSIBLE PRICE DIFFERENTIAL FOR FARINA, PURIFIED MIDDLINGS, SEMOLINA OR SPECIAL GRANULAR MACARONI FLOUR. Wheat flour millers manufacturing farina, purified middlings, semolina or special granular macaroni flour, under the special permission of the United States Food Administration, Distribution Department, Washington, D. C., may charge a price for such products not to exceed 40c. per barrel above the licensee's fair price of 100 per cent. straight grade flour on date of sale.

RULE M. S. 16. PRICE DIFFERENTIAL ON TABLE BRAN. Bran

intended for human consumption, so-called "table bran," may be sold at a reasonable advance over the licensee's fair price for bran.

RULE M. S. 17. DIFFERENTIALS AND RETURNS ON WHEAT MILL FEED. In selling wheat mill feed to the consumer at the mill door, if the purchaser desires to buy wheat mill feed in bulk and the sacks are emptied and left at the mill in undamaged condition, the miller shall not add to the purchase price any charge for sacks. In selling various grades of wheat mill feeds, the miller shall sell same at a price not in excess of his carlot price for mixed feed, bulk mill, plus or minus the following differentials:

Shorts, standard middlings, gray shorts, gray middlings, flour middlings or red dog, with or without screenings,

75c. per ton over basis.

Bran, with or without screenings, $1.25 per ton under basis.

NOTE.—The wheat miller may make such separations of wheat mill feeds as his trade may demand, but if the total returns received by him from the sale of wheat mill feed manufactured from any given wheat exceeds the amount which the Food Administration considers to return a reasonable profit on an equal quantity of wheat mixed feed, *i. e.*, the entire mill run of wheat mill feed, it will be considered that the miller has violated Rule 11.

RULE M. S. 18. FEED TO BE MIXED IN 1917 PROPORTION ONLY. No wheat miller shall mix any greater percentage of wheat mill feed with other feeding stuffs, or sell any greater percentage to feed mixers for such mixing, than he mixed or sold in the year 1917.

RULE M. S. 19. DIFFERENTIAL FOR RECONDITIONING AND BLENDING. The licensee who blends or reconditions flour not of his own manufacture shall not sell such flour in carload lots at more than 25c. per barrel over the purchase price; provided that in making sales of the character of those described in Rule 14 under Classes B, C, D, E and F, he may add not to exceed the additional margins prescribed therein for such sales.

NOTE.—This rule does not apply to wheat millers mixing their own wheat flour with purchased wheat or substitute flours. Such mixed flour must be sold at not more than the licensee's price for wheat flour, in accordance with Rule 11.

RULE M. S. 20. CUSTOM AND EXCHANGE GRINDING. The wheat miller who receives wheat from farmers' wagons and grinds such wheat on a toll basis, or exchanges such wheat for flour and feed, may charge not to exceed thirty-five cents per bushel for each sixty pounds of cleaned wheat so received, and on such basis he shall return to the farmer flour and feed in accordance with the following schedule:

Test Weight of Wheat per Bushel.	Number Pounds Flour Returnable.	Number Pounds Hard Wheat Feed Returnable.	Number Pounds Soft Wheat Feed Returnable.
58 lbs. or heavier	44 lbs.	15 lbs.	14 lbs.
57 lbs.	43½ lbs.	15½ lbs.	14½ lbs.
56 lbs.	42½ lbs.	16½ lbs.	15½ lbs.
55 lbs.	42 lbs.	17 lbs.	16 lbs.
54 lbs.	41½ lbs.	17½ lbs.	16½ lbs.
53 lbs.	40½ lbs.	18½ lbs.	17½ lbs.
52 lbs.	39½ lbs.	19½ lbs.	18½ lbs.
51 lbs.	39 lbs.	20 lbs.	19 lbs.

NOTES.—Nothing in this rule requires a miller to operate upon an exchange basis. He may, if he so desires, purchase the wheat and sell flour and feed at the prescribed margins or less.

Sizes of Exchange Transactions.—Rules will be issued immediately through the several offices of the Federal Food Administrators governing the size of exchange transactions.

Contracting and Shipping.

RULE M. S. 21. UNIFORM CONTRACT PRESCRIBED. The wheat miller shall not sell any wheat flour in quantities of twenty-five barrels or more, or wheat mill feed in quantities of five tons or more, except by signed contract in the form prescribed below. He shall not contract to sell wheat flour or wheat mill feed in any quantities without stipulating that the terms of the uniform Food Administration contract shall prevail. He shall fill out in every such contract covering flour, the flour charge items appearing under "Method of calculating maximum delivered fair price," and in every such contract covering feed, the feed charge items appearing thereunder, and shall print under the item "Reasonable price schedule" the figures furnished to the miller by the United States Food Administration for that purpose.

NOTE.—This rule requires the confirmation by written contract of every telegraphic or other order for flour of 25 barrels or more or feed of 5 tons or more, even though by reason of shortage in time the flour is shipped before the actual signing of the contract. Until such contract is signed it shall be understood that the transaction is subject to the terms and conditions of the United States Food Administration contract.

Contract Form Prescribed by Rule 22.

Contract No..... Date.....

.....

of.....sell (s), and

of.....buy (s), the

following commodities, on the terms and conditions stated below:

Time of { shipment / delivery } .....

Destination .....

Routing .....

Terms of Payment.....Draft, through.....

.....Bank of.....

Prices named in this contract are based on (a) effective price schedule, (b) "Class of sale," (c) freight charge, and (d) package charge, as specified below:

No. Pkgs.	Size.	Kind.	Brand.	Bulk Price f.o.b. Mill.	Delivered Price in Packages.

Method of Calculating Maximum Delivered Fair Price (Flour in 98-lb. Cotton Sacks).

	Flour Per Barrel.	Feed Per Ton.
(a) Maximum fair prices bulk mill as per Schedule No.		
(b) Maximum differential, if any, on sale of Class		
(c) Freight charge (including freight tax)		
(d) Cost of sacks (98 lb. cotton for flour)		
(e) Package differential on flour		
Total		

(The Schedules, Note and detailed terms and conditions below may be placed on reverse of contract form if desired.)

Reasonable Price Schedule (Bulk Mill).

	Flour.	Bran.	Wheat Mixed Feeds.	Middlings, Shorts, Red-dog.
1				
2				
3				
4				
5				
6				
7	(Here insert figures furnished you by Food Administration)			
8				
9				
10				

Soft Wheat Feeds.—The Food Administration will regard as reasonable the sale of wheat mill feeds containing not less than 90% soft winter wheat at a price not more than $2 in excess of the maximum fair price schedule for other wheat mill feeds; provided that all shipments or deliveries of such mill feeds are made in packages which are plainly marked "Manufactured from soft winter wheat."

NOTE.—The schedule of prices indicated above is based upon a determined wheat value as indicated by the Government reasonable price guarantee and a maximum permissible miller's charge. Any price in excess of that

based on the schedules printed in this contract should be reported to the *Federal Food Administrator* for your State.

(NOTE.—The following should appear on face of contract): This contract is made subject to terms and conditions printed on back hereof, which terms and conditions are binding on both parties to the contract.

Maximum Permissible Margins Over Basis on Various Classes of Sales.

Class of Sale.	Mill Sale to:		Flour Per Bbl.	Feed Per Ton.
A	Anyone	Carload lots, bulk mill, cash attached to B/L	None	None
B	Anyone	Mixed carloads of feed and flour (containing at least 40% of feeds and/or wheat flour substitutes)	.25	.50
C	Wholesale Dealers	From cars or docks, carlots (not delivered) where flour has been forwarded "on consignment"	.25	
D	Wholesale Dealers	From cars or docks, less than carload (not delivered) where flour has been forwarded "on consignment"	.35	
E	Anyone other than consumer	Less carloads (except Class C or D sales) (not delivered)	.50	
F	Individual consumers (except bakers and public eating places)	Less carloads	1.20	
G	Wholesale feed dealers	Less carloads and 2,000 lbs. or over		1.00
H	Retail feed dealers	Less carloads and 2,000 lbs. or over		2.00
I	All feed dealers	Less than one ton		3.00

Credit.—Where credit is extended on flour or feed, only the actual interest for time of credit extension may be added by the miller on sale of any lot of flour or feed.

Sales of Feed to Consumers must be made at not more than a reasonable margin over basis. The Federal Food Administrator of the State where the mill or warehouse is located will indicate what margin will be considered reasonable.

Only One Margin Over Carload Basis Permitted.—Not more than one of the margins over carload basis, as indicated above, shall be added by the wheat miller on the sale of any lot of flour or feed.

Terms and Conditions.

It is Understood and Agreed:

(1) *Food Administration Regulations.*—That the buyer and seller shall conform to all regulations promulgated by the United States Food Administration.

(2) *Net Weights.*—That the wheat flour and wheat mill feed covered by this contract is sold on the basis of net weights when packed, and the determining factor as to weight shall be a moisture content not in excess of Government allowance.

(3) *Contract Not Subject to Change.*—That there are no conditions,

representations or warrants, oral or otherwise, and that there shall be no assignment or cancellation of this contract except as herein stated, and that no agent or representative has authority to modify the printed terms of this contract.

(4) *Shipments Within Thirty Days.*—That the above order shall be shipped or delivered as specified within thirty days from the time that the order is confirmed by the seller unless a shorter time is expressly provided.

(5) *Routing.*—That the seller shall have the right to route all shipments unless otherwise stated in this contract.

(6) *Non-Extension of Time.*—That there shall be no extension of the time of shipment or delivery under this contract except as herein specified.

(7) *Buyer's Non-Fulfillment of Contract.*—That if the buyer shall fail to file with the seller within fifteen days of the date of confirmation of this contract shipping instructions permitting the seller to ship at his option within the remaining period of the contract, then the seller may cancel this contract and the buyer shall pay to the seller an entry charge of 25 cents per barrel on flour and 50 cents per ton on feed, plus or minus the market difference, provided that if such shipping instructions are received before the expiration of thirty days from the date of confirmation of this contract, and prior to any cancellation being sent, the seller's right to cancel shall cease. If the buyer shall refuse to accept any shipment or delivery as specified hereunder or fail to perform any of the other terms of this agreement then the seller may cancel this contract and the buyer shall pay to the seller the entry charge above provided, plus or minus the market difference. In addition thereto the seller may pursue such further remedies as the law may provide.

(8) *Seller's Non-Fulfillment of Contract.*—That if the seller shall fail except for the reasons specified in paragraph 9 of this contract to make any shipment or delivery as specified then the buyer may at his option cancel this contract at any time before actual shipment, and the seller shall pay to the buyer the sum of 25 cents per barrel on flour and 50 cents per ton on feed, plus or minus the market difference. The buyer may pursue such further remedies as the law may provide.

(9) *Exceptions to Seller's Responsibilities.*—That if this contract cannot be performed by the seller within the time specified, because of Government contracts not in contemplation at the time of the contract, or because of fires, strikes, labor difficulties, acts of carriers, or other causes beyond the control of the seller, and if the seller notifies the buyer of such inability, stating the specific cause, as soon as he knows that such inability will prevent performance and in any event on or before the date of shipment or delivery, the seller shall not be responsible for failure to perform. In such event the buyer shall have the option of cancelling the contract at the market difference, provided he exercises such option within 24 hours from the time when he receives notice of the seller's inability to perform. If such option is not exercised the contract time of shipment or delivery shall be extended until a reasonable time after the termination of seller's inability is removed, but not to exceed thirty days beyond the original date of shipment or delivery. At the end of such additional thirty days' period the buyer shall again have the right to cancel as above provided, or the contract shall be similarly extended.

(10) *Buyer's Responsibility for Final Payment.*—That where buyer specifies the bank through which draft is to be presented and to whom payment is to be made by the buyer, the buyer shall be responsible for final payment to the seller.

(11) *Package Differentials.*—That both buyer and seller agree to the shipment or delivery of commodities named in this contract on the basis of

the package differentials in effect at date of sale as promulgated by the United States Food Administration.

.....
Seller.

By .....

.....
Buyer.

By .....

RULE M. S. 22. UNIFORM INVOICE PRESCRIBED.—The wheat miller shall invoice all wheat flour and wheat mill feed, except sales to individual consumers, and except sales of fifteen barrels or less of flour and three tons or less of mill feed, on an invoice form on the front or back of which shall be printed all information shown in this rule and in the form prescribed, the schedule of "reasonable prices" to be in accordance with schedule which will be furnished any miller. He shall fill out in every such invoice covering flour, the flour charge items appearing under "Method of calculating invoice price," and in every invoice covering feed the feed charge items under such heading.

The following items shall appear on front or back of every invoice:

REASONABLE PRICE SCHEDULE (Bulk Mill)

	Flour.	Bran.	Wheat Mixed Feeds.	Middlings, Shorts, Red-dog.
1				
2				
3				
4				
5				
6				
7	(Here insert fig	ures furnished y	ou by Food Ad	ministration)
8				
9				
10				

Soft Wheat Feeds.—The Food Administration will regard as reasonable the sale of wheat mill feeds containing not less than 90% soft winter wheat at a price not more than $2 in excess of the maximum fair price schedule for other wheat mill feeds; provided that all shipments or deliveries of such mill feeds are made in packages which are plainly marked "Manufactured from soft winter wheat."

NOTE.—The schedule of prices indicated above is based upon a determined wheat value as indicated by the Government reasonable price guarantee and a maximum permissible miller's charge. Any price in excess of that based on the schedules printed in this contract should be reported to the *Federal Food Administrator* for your State.

(NOTE.—The following should appear on face of contract): This contract is made subject to terms and conditions printed on back hereof, which terms and conditions are binding on both parties to the contract.

Maximum Permissible Margins Over Basis on Various Classes of Sales

Class of Sale.	Mill Sale to:		Per Bbl. Flour	Per Ton. Feed
A	Anyone	Carload lots, bulk mill, cash attached to B/L	None	None
B	Anyone	Mixed carloads of feed and flour (containing at least 40% of feeds and/or wheat flour substitutes)	.25	.50
C	Wholesale Dealers	From cars or docks, carlots (not delivered) where flour has been forwarded "on consignment"	.25	
D	Wholesale Dealers	From cars or docks, less than carload (not delivered) where flour has been forwarded "on consignment"	.35	
E	Anyone other than consumer	Less carloads (except Class C or D sales) (not delivered)	.50	
F	Individual consumers) (except bakers and public eating places)	Less carloads	1.20	
G	Wholesale feed dealers	Less carloads and 2,000 lbs. or over		1.00
H	Retail feed dealers	Less carloads and 2,000 lbs. or over		2.00
I	All feed dealers	Less than one ton		3.00

Credit.—Where credit is extended on flour or feed, only the actual interest for time of credit extension may be added by the miller on sale of any lot of flour or feed.

Sales of Feed to Consumers must be made at not more than a reasonable margin over basis. The Federal Food Administrator of the State where the mill or warehouse is located will indicate what margin will be considered reasonable.

Only One Margin Over Carload Basis Permitted.—Not more than one of the margins over carload basis, as indicated above, shall be added by the wheat miller on the sale of any lot of flour or feed.

Method of Calculating Invoice Price

	Flour Per Bbl.	Feed Per Ton.
(a) Maximum fair price bulk mill as per Schedule No.		
(b) Maximum differential, if any, on sale of Class		
(c) Freight charge (including freight tax)		
(d) Cost of sacks (98-lb. cotton for flour)		
(e) Package differential (on flour)		
Total		

Rule M. S. 23. Change in destination or point of shipment.—The wheat miller in invoicing where change in destination is made at the request of the buyer and such change results in a freight rate other than that specified in the original contract shall charge to the buyer any additional freight charge over, and credit to the buyer any lesser freight charge under, that specified in the contract. If the wheat miller makes a change in point of shipment from that originally named in the contract such change of point of shipment shall not result in change of delivered cost to buyer. In such case the bulk mill price and freight charge shown on the invoice must be identical with similar prices and charges shown in the original contract.

Rule 24. Minimum carloads.—The wheat miller in making carload shipments of wheat, wheat flour or wheat mill feed, shall load in each car not less than the minimum amounts prescribed below except with the special written permission of the United States Food Administration, or such higher minimum as may be prescribed by published freight tariff, provided that when a car of lower carrying capacity is used the maximum load which the car will carry may be used without permission.

Wheat flour and wheat mill feed, 60,000 pounds.
Wheat, Car capacity.

Note.—Double loading, *i. e.*, loading for more than one customer in one car, is permissible.

Rule M. S. 25. Bakers must purchase substitutes.—The licensee manufacturing wheat flour shall not sell, ship or deliver to any person engaged in the business of baking bread or rolls, any wheat flour unless the buyer purchases at the same time, or the licensee satisfies himself that the buyer has purchased, one pound of wheat flour substitutes for every three pounds of wheat flour purchased.

Wheat flour substitutes for the purpose of this rule shall include bran, shorts and middlings, corn flour, cornmeal, edible corn starch, hominy, corn grits, barley flour, rolled oats, oatmeal, rice, rice flour, buckwheat flour, potato flour, sweet potato flour, milo, kaffir, and feterita flours and meals, soya bean meal, peanut meal, cassava flour, taro flour, banana flour and other products of a similar nature which may be used in baking.

Graham or whole-wheat flour containing 25 per cent. of bran, shorts or middlings, and mixed flour containing 25 per cent. of substitute flour may be sold to persons engaged in the business of baking bread or rolls, without substitutes, but if it contains less than 25 per cent. it must only be sold with an amount of wheat flour substitutes which, added to the bran, shorts and middlings contained in the graham or whole-wheat flour (every-

thing over 74% extraction), will equal the total amount of substitutes required.

Potatoes may be sold to persons engaged in the business of baking bread or rolls as a wheat flour substitute in the proportion of four pounds of potatoes in place of one pound of other substitutes.

RULE M. S. 26. RETAILERS AND CONSUMERS MUST PURCHASE SUBSTITUTES.—No licensee manufacturing wheat flour shall, without the permission of the United States Food Administrator, ship or deliver such wheat flour to any retailer or consumer unless the buyer purchases at the same time, or the licensee satisfies himself that the buyer has purchased one pound of wheat flour substitutes for every pound of wheat flour purchased, or, in the case of whole-wheat or graham flour containing at least 95 per cent. of the entire wheat, three pounds of wheat flour substitutes for every five pounds of such whole-wheat or graham flour purchased.

Wheat flour substitutes for the purpose of this rule shall include hominy, corn grits, cornmeal, corn flour, edible cornstarch, barley flour, rolled oats, oatmeal, rice, rice flour, buckwheat flour, potato flour, sweet potato flour, soya bean flour, milo, kaffir and feterita flours and meals.

RULE M. S. 27. SUBSTITUTES NOT TO BE ACCEPTED IN RETURN.—The wheat miller shall not accept any return of wheat flour substitutes without the written permission of the United States Food Administration.

RULE M. S. 28. QUANTITY OF WHEAT FLOUR DELIVERABLE.—The wheat miller shall not deliver wheat flour to any individual consumer residing in towns or cities in quantities in excess of twenty-five pounds, nor to any individual consumer in rural or farm communities in quantities in excess of fifty pounds, without the written permission of the United States Food Administrator.

NOTE. COMBINATION SALES.—The attention of millers is called to the fact that General Rule 23 has been amended so that compulsory sales of wheat flour substitutes with wheat flour will not be permitted after September 1, 1918. After that date millers cannot refuse to sell flour to retailers on the ground that the retailer will not buy wheat flour substitutes from the miller, provided that the retailer offers certificate to show that he has purchased elsewhere the required amount of substitutes. Compulsory combination sales to wholesalers are already prohibited by General Rule 23.

NOTE. SIZE OF EXCHANGE TRANSACTIONS.—Rules will be issued immediately through the several offices of the Federal Food Administrators governing the size of exchange transactions.

Special License Regulations Governing Elevators and Dealers Handling Wheat, Rye, Corn, Oats and Barley; Corn, Oats, Rye and Barley Millers; Maltsters, and Near-Beer Manufacturers.

The following special rules were effective July 20th, 1918. The above licensees are also subject to the general license regulations.

A. Special License Regulations Governing Operators of Elevators, Warehouses or Other Places for the Storage of Wheat, Rye, Corn, Oats, and Barley, and Dealers in Wheat, Rye, Corn, Oats, and Barley.

Rules 1 to 3 relate to storage only.
Rules 4 to 8 relate to dealings in wheat only.
Rules 9 to 13 relate to dealings in corn, oats, barley and rye.

RULE 1. STORAGE SPACE SUBJECT TO GOVERNMENT COMMAND.—The storage space in all warehouses, elevators, and other plants used by licensees for the storage of wheat, rye, corn, oats, barley, or any product thereof, shall be at the command of the United States Food Administration whenever the United States Food Administrator or his duly authorized representative shall deem it necessary to utilize such space for governmental purposes, and the licensee shall furnish the whole or any part of such storage space to the United States Food Administration in such quantity and at such times as the United States Food Administrator or his duly authorized representative may determine.

RULE 2. STORAGE OF WHEAT LIMITED.—No wheat shall be received for or kept in storage by any licensee other than for the United States Government or some agency thereof for a longer period than 30 days without the consent in writing of the United States Food Administrator or his duly authorized representative.

RULE 3. STORAGE IN SEABOARD ELEVATORS LIMITED TO 30 DAYS.—No licensee operating any elevator, warehouse, or other storage place at any seaboard shipping point shall receive for or keep in storage any corn, oats, barley, rye, or their derivative products other than for the United States Government or any of its agencies for a longer period than 30 days without the consent in writing of the United States Food Administrator or his duly authorized representative. This rule shall not apply to storage at interior points.

Rules for Dealing in Wheat.

RULE 4. WHEAT NOT TO BE SOLD FOR FEED, EXCEPTIONS.—The licensee shall not, without the consent of the United States Food Administrator, sell wheat (except mill feed) for feed or for manufacturing or mixing feed; provided, that wheat unfit for human consumption may be sold to poultry and pigeon feed manufacturers in reasonable amounts to allow a 10 per cent.

mixture thereof in poultry or pigeon feed, and wheat unfit for human consumption and unfit for poultry or pigeon feed may be sold for other feeding purposes.

RULE 5. WHEAT UNDER CONTROL LIMITED TO 30 DAYS' SUPPLY.—The licensee dealing in wheat shall not, without the written consent of the United States Food Administrator, or his duly authorized representative, keep on hand or have in possession or under control by contract or other arrangement at any time any wheat or rye in a quantity in excess of the reasonable requirements of his business for use or sale by him during a period of 30 days.

RULE 6. WHEAT SOLD SHALL NOT GIVE BUYER MORE THAN 30 DAYS' SUPPLY.—The licensee dealing in wheat shall not sell or deliver to any person any wheat if the licensee knows or has reason to believe that such a sale or delivery will give to such person a supply of wheat or rye in excess of his reasonable requirements for use or sale by him during the period of 30 days next succeeding such sale or delivery: *Provided,* That this rule shall not prevent the sale or delivery of wheat to any person for the United States or for the Government of any nation at war with Germany.

RULE 7. CONTRACTS MUST PROVIDE FOR SHIPMENT WITHIN 30 DAYS.—The licensee shall not make or have outstanding at any time any contract for the sale of wheat for shipment or delivery more than 30 days after the making of such contract, except for seeding purposes, provided that this rule shall not apply to contracts with the Government of any nation at war with Germany: *And provided further,* That an importer may sell wheat to be imported for delivery on arrival.

RULE 8. MAXIMUM CARLOAD SHIPMENTS.—All carload shipments of wheat shall be made in cars loaded to their capacity unless a different minimum is authorized by special written permission of the United States Food Administrator, or his duly authorized agent.

Rules for Dealing in Corn, Oats, Rye, and Barley.

RULE 9. GRAIN TO BE SOLD AT REASONABLE ADVANCE OVER COST, HEDGING CONSIDERED.—The licensee shall sell corn, oats, rye, and barley at not more than a reasonable advance over the average cost of the stock of such commodity on hand or under the control of the licensee not at that time contracted to be sold. In arriving at the cost thereof he shall take into consideration the gain or loss from any hedging transaction on any recognized grain exchange.

RULE 10. AMOUNT OF UNSOLD GRAIN UNDER CONTROL LIMITED TO 60 DAYS' SUPPLY.—The licensee shall not, without the written permission of United States Food Administrator, keep on hand

or have in possession or under control by contract or other arrangement at any time corn, oats, rye, or barley in a quantity in excess of the reasonable requirements of his business during the next 60 days. In calculating a 60 days' supply for the purpose of this and the following rule the licensee must include all grain bought or contracted to be bought on a grain exchange: *Provided,* That this rule shall not prohibit the storing of corn, oats, rye, or barley for seeding purposes if notice of the amount and location of such seed is sent to the United States Food Administrator within 60 days from the date when stored.

NOTE.—Grain against which the owner holds sales hedges is considered to be sold and need not be included in the 60 days' supply.

RULE 11. GRAIN SOLD SHALL NOT GIVE BUYER MORE THAN 60 DAYS' SUPPLY.—The licensee shall not sell or deliver to any person any corn, oats, rye, or barley if the licensee knows or has reason to believe that such a sale or delivery will give to such person a supply of such grain not sold or contracted to be sold in excess of his reasonable requirements for use or sale by him during the period of 60 days next succeeding such sale or delivery: *Provided,* That this rule shall not apply to the sale or delivery of grain to any person for the United States Government or for the government of any nation at war with Germany.

RULE 12. CONTRACTS FOR CORN, OATS, RYE, AND BARLEY MUST PROVIDE FOR SHIPMENT IN 60 DAYS.—The licensee shall not make or have outstanding any contract for the sale of corn, oats, rye, or barley for shipment or delivery more than 60 days after the making of such contract, except for seeding purposes: *Provided, however,* That this rule shall not apply to contracts with the United States or with the Government of any nation at war with Germany: *Provided further,* That an importer may sell goods to be imported for delivery on arrival. This rule shall not affect the validity of any contract for the sale of corn, oats, rye, or barley entered into prior to November 15, 1917, unless the cancellation of any such contract is hereafter ordered by the United States Food Administrator.

NOTE.—This rule does not apply to dealings on any exchange, board of trade or similar institutions made by public trading on the floor thereof under the supervision of its management, in such ring, pit or other similar place as may be especially reserved by the exchange, board of trade or similar institution for public trading.

RULE 13. MINIMUM FOR CARLOAD SHIPMENTS.—All carload shipments of corn, oats, rye, and barley shall be made in car lots loaded to car capacity, unless a different minimum is authorized by special written permission of the United States Food Administrator.

CORN, OATS, RYE, AND BARLEY MILLERS

B. Special License Regulations Governing Licensees Engaged in the Business of Manufacturing Corn, Oats, Rye, or Barley Products.

The manufacture and distribution of the following corn, oats, rye, and barley products are licensed:

Barley flour	Starch from corn	Products and by-products of shelled corn, ear corn, oats, rye, and barley for use as feed, including grain screenings.
Rye flour	Oat flour	
Oatmeal	Cerealine flakes	
Rolled oats	Corn oil	
Hominy	Corn sirup	
Corn grits	Glucose	
Corn meal	Corn sugar	
Corn flour		

NOTE.—Any corn, oats, or barley millers who resell corn, oats, or barley without milling them must have a license to deal in these commodities and are subject to rules governing dealers therein. Any corn, oats or barley miller buying any products of corn, oats or barley and reselling them must have a license to deal therein, and are subject to the rules governing jobbers in such commodities.

RULE 1. AMOUNT OF CORN, OATS, RYE, BARLEY, AND THEIR PRODUCTS UNDER CONTROL RESTRICTED TO 60 DAYS' SUPPLY.—The licensee shall not, without the written consent of the United States Food Administrator or his duly authorized representative, keep on hand or have in possession or under control by contract or other arrangement at any time any corn and corn products, oats and oat products, rye and rye products or barley and barley products in a quantity in excess of the reasonable requirements of his business during the next 60 days: *Provided,* That this rule shall not prevent any licensee from having a carload of any commodity in transit in addition to a supply thereof sufficient to last until the arrival of said carload.

RULE 2. SALE OF CORN, OATS, RYE, OR BARLEY PRODUCTS SHALL NOT GIVE BUYER MORE THAN 60 DAYS' SUPPLY.—The licensee shall not sell or deliver to any person any rye flour, barley flour, oatmeal, rolled oats, oat flour, corn grits, corn meal, hominy, corn flour, starch from corn, cerealine flakes, corn oil, corn sirup, glucose, or corn sugar, without the consent of the United States Food Administrator if the licensee knows or has reason to believe that such a sale or delivery will give to such person a supply of any such commodities, not sold or contracted to be sold, in excess of his reasonable requirements for use or sale by him during the period of 60 days next succeeding such sale or delivery: *Provided,* That this rule shall not affect the sale or delivery of any such commodities to any person for the Federal, State, county, or municipal governments or for the government of any

nation at war with Germany, or the sale or delivery of a carload of any such commodity to any licensee having not more than sufficient on hand to last until the arrival of said carload.

RULE 3. CONTRACTS MUST PROVIDE FOR SHIPMENT WITHIN 60 DAYS.—The licensee shall not make or have outstanding at any time any contract for the purchase of corn, oats, rye, or barley, or the sale of any licensed corn, oats, rye, or barley products or by products for shipment or delivery more than 60 days after the making of such contract: *Provided, however,* That this rule shall not apply to contracts with the Federal, State, county, or municipal governments or to the Government of any nation at war with Germany.

RULE 4. UNREASONABLE PROFITS PROHIBITED. — The licensee shall sell edible products of corn, oats, rye, and barley at not more than a reasonable margin over the average cost to him of the corn, oats, rye, or barley from which such edible products are manufactured. In estimating such average cost, he shall include all grain in his possession or under his control by contract or other arrangement, but he shall not include any grain which he has contracted to sell or the products of which he has contracted to sell.

Provided, That in determining the cost of such grain he shall—

(1) Add to the average purchase price the loss, and deduct from the average purchase price the gain, resulting from any hedging transactions on an established grain exchange in which the transaction is finally closed. The loss or gain on such transaction shall be calculated on the average price of all outstanding hedging sales or purchases.

(2) He shall deduct from the average purchase price the proceeds from the sale of feed or offal created in the milling operation, or, if not sold, he shall deduct its current market value.

Any average once calculated shall be taken as the basis for such averaged grain in all subsequent calculations.

He shall keep records in such manner as to show how all averages and selling prices have been determined.

NOTE.—The Food Administration has determined that any margins in excess of those listed below are unreasonable and excessive under the foregoing rule. These margins may, therefore, be regarded as maximum margins, but they do not in any way abrogate or modify the general rule that profits must not be excessive. The margins stated are, therefore, not necessarily to be considered fair and normal.

Old-fashioned or water-ground meal, 50 cents per hundred pounds bulk product.

Standard and bolted meal, 50 cents per hundred pounds bulk product.

Pearl meal, 60 cents per hundred pounds bulk product.

Pearl or table hominy, 80 cents per hundred pounds bulk product.

Grits, 80 cents per hundred pounds bulk product.

Cream meal, 80 cents per hundred pounds bulk product.

Cerealine flakes, $1.20 *per hundred pounds bulk product.*
Corn flakes, $1 *per hundred pounds bulk product.*
Other corn meal, 60 *cents per hundred pounds bulk product.*
Barley flour, 95 *cents per hundred pounds bulk product.*
Rye flour, 90 *cents per hundred pounds bulk product.*
Rolled oats, oatmeal, oat flour, 90 *cents per hundred pounds bulk product.*

The above differentials apply to prices bulk mill or basing point when packed in barrels or 100-pound cotton or jute bags. See rule 7 for differentials on other packages.

To arrive at the selling price bulk mill or basing point, compute the cost of the number of pounds of grain required to produce 100 pounds of finished product and deduct therefrom the value of the feed or offal produced from this number of pounds of grain. The price of the finished product should not exceed this figure by more than the above margin.

Differentials on less than carlot sales.—The following additional margins over those named above will be considered reasonable by the Food Administration on less than carlot sales to others than wholesale dealers:

Less than carlots to bakers, hotels, retailers, and manufacturers other than flour mixtures, not more than 10 per cent of carlot price in sacks.

Less than carlots to individual consumers, not more than 20 per cent of carlot price in sacks. (If this margin is added the 10 per cent margin must not be added.)

RULE 5. PROFITS ON HOMINY FEED.—The licensee shall not sell hominy feed, hominy meal, hominy chop, barley feed, rye feed, or oat feed produced as a by-product of the manufacture of edible corn, barley, rye, or oat products, at a price per pound in excess of the purchase price per pound of the grain from which it is manufactured.

RULE 6. UNIFORM CONTRACT FOR CERTAIN CORN PRODUCTS.—The licensee shall not sell corn meal, grits, corn flour, hominy, or refined grits in carload lots except spot sales for cash or upon the terms contained in the form of contract prescribed below. Discount for cash may be allowed by mutual agreement between the parties: *Provided, however,* That this rule shall not apply to sales made to any person for the Federal, State, county, or municipal governments, or for the government of any nation at war with Germany.

FORM OF CONTRACT REFERRED TO IN RULE 6

Contract No..... .....19....
.....of
.....
sell and .....
buy the following articles on the terms and conditions stated below:
Time of shipment.....
Shipment periods to be.....
Routing..... Destination.....
Terms: Cash, sight draft, demand draft or arrival draft.
Discount for cash.....
Bank of.....

No. of Packages	Size.	Kind.	Brand.	Price (sacks included).		Give Rate Basis, Destination, or Place of Delivery.
.....	.....	.....	.....	....	.....	.....
.....	.....	.....	.....	....	.....	.....
.....	.....	.....	.....	....	.....	.....
.....	.....	.....	.....	....	.....	.....
.....	.....	.....	.....	....	.....	.....
.....	.....	.....	.....	....	.....	.....

..... Buyer.
..... Seller.

TERMS AND CONDITIONS

(1) *Food Administration Regulations.*—It is understood and agreed that the buyer and seller shall conform to all regulations promulgated by the United States Food Administration.

(2) *Net Weights.*—Corn meal, grits and corn flour, corn hominy, flakes and refined grits shall be sold upon the basis of net weights when packed and the determining factor as to weight shall be a moisture content not in excess of Government allowance.

(3) *Contract Not Subject to Change.*—It is understood that there are no conditions, representations, or warranties, verbal or otherwise, and that there shall be no assignment or cancellation of this contract, except as herein stated, and no agent or representative has authority to modify the printed terms of this contract.

(4) *Shipment Within 60 Days.*—It is understood and agreed that the above order shall be shipped as specified within 60 calendar days, dating from time when order is taken.

(5) *Non-Extension of Time.*—There shall be no extension of time of shipment under this contract except as herein specified.

(6) *Buyer's Non-Fulfillment of Contract.*—If the buyer shall refuse to accept any shipment as specified hereunder or fail to file with the seller specifications with the order for immediate, quick, or prompt shipment or within 15 days of time of shipment, if sold for later than prompt shipment or to perform any of the terms of this agreement, then the seller may at its option and upon due notice to the buyer cancel this contract, and the buyer shall pay to the seller an entry charge of 2½ per cent on corn products plus the actual market difference. The seller may pursue such other remedies as the law may provide. On the refusal or neglect by the buyer to accept any shipment made in compliance with the contract as specified hereunder or to perform any of the terms of this agreement, the seller may treat such refusal or neglect as a breach of the entire contract for which the seller is entitled immediately to avail himself of any rights in this contract specified; but, except for reason or reasons specified herein, if the shipment as specified is not executed within 60 days from date of contract, it shall be canceled and payment of charges above specified shall be made by the buyer to the seller.

(7) *Seller's Non-Fulfillment of Contract.*—If the seller shall fail (except for reasons herein specified) to make any shipment as specified in accordance with the terms of the contract within the time indicated by this contract, then the buyer may at his option cancel the shipment and in the event of such default the seller shall upon demand pay to the buyer entry charge of 2½ per cent on corn products plus the actual market difference and the buyer may pursue such other remedies as the law provides.

(8) *Exceptions to Seller's Responsibility.*—For delay in making shipment as specified, occurring through the fulfillment of Government contracts, or through fire, strikes, or labor difficulties, acts of carriers, car supply, or similar causes beyond the control of the seller, the seller is not responsible.

RULE 7. SPECIFICATIONS FOR HOMINY, GRITS, CORN MEAL, CORN FLOUR, HOMINY FEED, BARLEY FLOUR, AND RYE FLOUR.—On and after July 1, 1918, the licensee shall not quote, sell, or label products of corn, rye, or barley under the following designations unless the products conform to the specifications indicated thereunder.

The texture of product shall be determined by sifting with hand sieves clothed with the cloth specified, which shall be the standard bolting cloths now in use, whether of woven wire, grits gauze or bolting silk.

The analyses of products for moisture, fat, carbohydrates, fiber, ash or other quality or content, shall be made by the official methods of the American Association of Agricultural Chemists.

Not to exceed 70 pounds of hominy, grits, cream meal, or corn flour shall be made from 100 pounds of corn. Such corn shall be clean and sound, and shall not contain more than 14½ per cent. moisture.

Pearl or table hominy.—Shall be degerminated hulled corn, screened or dusted over a No. 10 wire cloth or five sixty-fourths-inch perforated metal or equivalent, and shall not contain more than 14 per cent. moisture and 1 per cent. fat, by ether extraction.

Grits.—Shall be made from hominy or clean, sound corn, ground to a granulation fine enough to sift through No. 12 wire cloth, and shall be dusted over a No. 28 wire cloth or equivalent, and shall contain not more than 14 per cent. moisture and 1½ per cent. fat by ether extraction.

NOTE.—Grits may be made inside these limits of granulation and labeled "coarse," "medium," or "fine" according to granulation.

Cream meal.—Shall be made from hominy or grits, screened through No. 22 wire cloth or equivalent and dusted over No. 72 grits gauze, and shall contain not more than 14 per cent. moisture and 1½ per cent. fat, by ether extraction, or 12½ per cent. moisture and 2¼ per cent. fat.

Corn flour.—This shall be made from hominy, grits, or cream meal, and shall be of a texture fine enough so that not less than 75 per cent. will sift through No. 9 XX bolting silk and balance shall sift through No. 72 grits gauze; shall be of an even color and shall contain not more than 13½ per cent. moisture and 1½ per cent. fat, by ether extraction, or 12½ per cent. moisture and 2 per cent. fat. No corn flour shall contain more than 2 per cent. fat.

Standard meal.—Shall be made from clean, sound corn with approximately 10 per cent. of feed removed and approximately 45 per cent. of cream meal or grits extracted, and if sold for export shall contain not more than 9 per cent. moisture.

Pearl meal.—Shall be made from clean, sound corn with approximately 15 per cent. of the bran and germ removed, and shall contain not more than 11 per cent. moisture and 3 per cent. fat by ether extraction.

Bolted meal.—Shall be made from clean, sound corn with approximately 5 per cent. of bran and germ removed, and if sold for export shall contain not more than 9 per cent. moisture.

"Old fashioned," or "water ground" meal.—Shall be clean, sound corn ground to a "soft" meal, and if sold for export shall contain not more than 9 per cent. moisture.

Barley flour.—Shall be milled from clean, sound barley, and shall be of a texture fine enough to sift through No. 9 XX bolting silk; and shall be of a uniform color, and shall contain not more than 11½ per cent. moisture and 1½ per cent. fat, by ether extraction; and not more than 55 pounds of barley flour shall be made from 100 pounds of clean, sound barley.

Rye flour.—Shall be milled from clean, sound rye, and shall be of a texture fine enough so that not less than 85 per cent. shall sift through No. 9 XX bolting silk and balance through No. 8 XX silk; shall be of a uniform color, and shall not contain more than 13½ per cent. moisture and 1½ per cent. fat, by ether extraction; and not more than a total of 70 pounds of white, straight or dark rye flour shall be made from 100 pounds of clean, sound rye. If this product is separated into patent and dark rye flour, not more than 70 per cent. of the extracted flour shall be labeled or sold as "patent." The dark rye flour which results shall not be subjected to further separation or division, but may contain not to exceed 2½ per cent. fat.

Hominy feed, hominy meal, or hominy chop.—Shall be a kiln-dried mixture of the mill run bran coating, the mill run germ, with or without a partial extraction of the oil and a part of the starchy portion of the corn kernel obtained in the manufacture of hominy, hominy grits, and corn meal by the degerminating process from clean, sound, white corn; shall contain not to ex-

ceed 14 per cent. moisture, not to exceed 7 per cent. fiber, not less than 10 per cent. protein, not less than 5 per cent. fat, and shall be of a texture fine enough to sift through No. 12 wire bolting cloth.

Yellow hominy feed, yellow hominy meal, yellow hominy chop.—Shall conform to the specifications of hominy feed, except that it shall be made from clean, sound, yellow corn.

NOTE TO RULE 7.—The moisture content for hominy, grits, cream meal, and corn flour has been placed at the outside limit, and is not intended to limit contracts expressly providing for a lower moisture content. Exporters customarily require one-half per cent lower than the above limitations and many domestic buyers also properly demand the lower maximum. The Food Administration has fixed the maximum at the higher level with a view to protecting the smaller millers with less complete equipment engaged in local trade in which durability is not so essential. The larger millers with wider distribution should note the advisability of adhering to the lesser maximum in protecting their customers and their own trade. Any corn, rye, or barley content of any mixed or blended flour must conform with these specifications.

RULE 8. PACKAGE DIFFERENTIALS ON CORN MEAL.—The licenses shall not sell corn meal, corn grits, hominy, corn flour, barley flour, or rye flour, except on the basis of the following differentials:

Basis 100 pounds cotton or jute bags.		Cents Per 100 Lbs.
50 pounds cotton	over basis	10
25 pounds cotton	do	20
10 pounds cotton	do	50
5 pounds cotton	do	75
50 pounds paper	under basis	10
25 pounds paper	do	5
10 pounds paper	over basis	15
5 pounds paper	do	30
3 pounds paper	do	45

Extra charge for burlapping, baling, or double sacking, 35 cents per 100 pounds.

RULE 9. CORN, RYE, AND BARLEY PRODUCTS MUST ARRIVE IN GOOD CONDITION.—The licensee shall ship all corn, barley, and rye products in such condition that, except for circumstances beyond the control of the shipper, they shall arrive at destination point in the United States cool, sweet, and in merchantable condition unless there is an express agreement in writing to the contrary. Corn meal, grits, hominy, corn flour, barley flour, and rye flour intended for human consumption shall not be considered to comply with this rule if they have an acidity exceeding 40 degrees, or hominy feed, corn, rye, or barley feeds if they have an acidity exceeding 80 degrees. Corn starch shall not be considered to

comply with this rule if it contains more than 5/1000 of 1 per cent. of sulphur dioxide.

RULE 10. UNIFORM PACKAGES PRESCRIBED.—The licensee shall not sell corn meal, corn grits, or hominy after April 1, 1918, or corn flour, barley flour, oat flour, rye flour, cerealine flakes, starch from corn, bulk rolled oats, or bulk oat meal after October 1, 1918, for domestic use in the United States, except in packages containing 1 pound, 1½ pounds, 2 pounds, 3 pounds, 5 pounds, 10 pounds, 25 pounds, 50 pounds, or 100 pounds, net weight, without special permission in writing from the United States Food Administration.

RULE 11. MINIMUM FOR CARLOAD SHIPMENT.—All carload shipments of barley flour, rye flour, oat flour, oatmeal, rolled oats, corn grits, corn meal, hominy, corn flour, starch from corn, cerealine flakes, corn oil, corn sirup, glucose, and feeding stuffs shall be made in car lots of not less than 60,000 pounds or in the case of corn sirup, glucose, or corn starch in barrels in car loaded to floor space capacity in tiers on end, unless a different minimum is authorized by special written permission of the United States Food Administrator: *Provided, however,* That when cars of lower carrying capacity are used the maximum which the car will carry may be used without such permission.

Special License Regulations Governing Licensees for the Manufacture, Storage, and Distribution of Malt.

RULE 1. GRAIN MALTED LIMITED TO 70 PER CENT OF YEAR 1917.—The total amount of any grain malted by a licensed maltster operating a malt house or malt manufacturing plant, shall not in the six months' periods from January 1 to June 30 and July 1 to December 31 in any year exceed seventy (70) per cent. of the amount of such grain malted by such maltster in such malt house or malt manufacturing house in the corresponding six months' period in the year 1917, without the written permission of the United States Food Administrator. In making the foregoing calculation malt actually used in the manufacture of yeast, malt extract, malt flour, cereal foods, or vinegar shall not be included, and the manufacture of malt for such purposes shall not be subject to the foregoing limitation.

RULE 2. GRAIN PRODUCED IN 1917 NOT TO BE MALTED AFTER JULY 1, 1918.—The licensee shall not malt any grain produced in the year 1917 after July 1, 1918, nor shall he have on hand, in possession, or under control any such grain after July 1, 1918.

RULE 3. GRAIN AND MALT UNDER CONTROL NOT TO EXCEED 120 DAYS' SUPPLY—EXCEPTION.—The licensee shall not have on hand, in possession, or under control by contract or other arrange-

ment at any time any greater quantity of grain and the malt made therefrom, including grain in process of being malted, than shall be equivalent to the output of his malt house or plant during a period of 120 days: *Provided,* That the supply of unmalted grain under control shall at no time exceed 60 days' requirements without the consent in writing of the United States Food Administrator: *Provided,* That on July 1, 1918, the total amount of malt in the hands of any licensee shall not exceed the requirements of his business for the next 90 days.

RULE 4. CONTRACTS SHALL REQUIRE SHIPMENT IN 120 DAYS.—No licensee shall make any contract for the sale of malt except such contracts as require shipment or delivery within 120 days after the making of such contracts: *Provided,* That this rule shall not apply to contracts with the Federal Government or with the Government of any nation at war with Germany or Austria or their allies. This rule shall not affect the validity of any contract enforceable at law made in good faith prior to February 15, 1918.

RULE 5. MALT NOT TO BE DELIVERED WITHOUT PERMIT EXCEPT TO SPECIFIED CLASSES.—No maltster, malt dealer, or other licensee shall sell or deliver any malt, without the written permission of the United States Food Administrator, except to persons—

(*a*) engaged in the manufacture of malt liquor and holding license for such purpose issued by the Commissioner of Internal Revenue under the President's proclamation of December 10, 1917,
(*b*) registered distillers,
(*c*) manufacturers of yeast,
(*d*) manufacturers of malt extract or malt flour,
(*e*) manufacturers of vinegar,
(*f*) manufacturers of near-beer holding a United States Food Administration license,
(*g*) manufacturers of cereal foods.

No malt shall be delivered in quantities in excess of the amount required to fill the reasonable requirements of the purchaser's business during the next 60 days, excepting that between May 1 and August 15 the amount delivered shall not exceed the reasonable requirements of the purchaser's business for use before October 15 of the current year. No sale of malt made through a broker, agent, salesman, or duly authorized representative shall be made on a brokerage to exceed 2 cents per bushel, and no sale shall be made by any maltster, broker, agent, salesman, or duly authorized representative for any quantity of malt except by signed contract.

NOTE.—Special permits for the sale or delivery of malt to any persons, except those hereinbefore listed, may be obtained in proper cases from the United States Food Administration, Washington, D. C.

RULE 6. NO WHEAT TO BE MALTED.—No maltster shall manufacture any malt from wheat.

RULE 7. NO GRAIN TO BE PURCHASED FOR MALTING BEFORE OCTOBER 1, 1918.—The licensee shall not buy any grain for malting or malt any grain before October 1, 1918, nor shall he have on hand, in his possession, or under control any grain before that date.

NOTE.—This rule is effective July 11, 1918.

There is at the present time an ample supply of malt in the United States to take care of all requirements. Before October 1, 1918, the definite requirements for the malting industry during the coming year will be ascertained, and a further notice given as to the amount of grain which may be malted.

Special License Regulations Governing Manufacturers of Near-Beer and Fermented Beverages Containing Less Than One-Half of 1 Per Cent of Alcohol.

RULE 1. USE OF FOODSTUFFS LIMITED TO 70 PER CENT OF 1917 CONSUMPTION.—The licensee shall not, without the written consent of the United States Food Administrator, use during the month of June, 1918, or in any succeeding quarter, in the manufacture of malt liquor, near beers, and fermented beverages more than 70 per cent. of the amount of foods, fruits, food materials, and feeds which he used in such manufactures in the corresponding period in the year 1917.

NOTE.—Under the President's proclamation of December 7, and regulations issued thereunder, a similar restriction was imposed upon all manufacturers of malt liquor. The present regulation supplements that proclamation and includes as well manufacturers of near beer and fermented beverages which do not contain malt. A brewer is permitted to use his allotment of 70 per cent of what he used last year in the manufacture of beer for the purpose of manufacturing near beer, provided his total use of material does not exceed the 70 per cent prescribed by this rule. Persons who manufactured near beer in 1917, however, cannot use their allotment for that purpose to make beer, ale or porter in 1918.

RULE 2. MATERIAL ON HAND LIMITED TO 60 DAYS' SUPPLY.—The licensee shall not, without the written permission of the United States Food Administrator, own or have in his possession, or invoiced to him, at any time an amount of food, fruits, food materials, or feeds in a quantity in excess of the reasonable requirements of his business for use by him during the next 60 days.

Special License Regulations Governing Feeding Stuffs

NOTE.—The following license regulations were effective August 1, 1918. The following special regulations include all regulations issued up to July 15, 1918, which affect importers, jobbers, mixers and dealers in feeds or

feed ingredients, except millers of wheat, rye, corn, oats and barley, cottonseed crushers, sugar refiners, and other licensees who manufacture feed as a by-product of licensed food commodities for whom other special regulations contained in this book are printed. All licensees subject to these regulations are also subject to the general license regulations.

See Presidential proclamation of January 10, 1918, relating to aforesaid licenses. Also proclamation May 14, 1918, whereby distribution of cottonseed hulls were licensed and the feed dealers handling said products were subject to the following rules.

A. Special Regulations Applying to all Persons Engaged in the Importation, Manufacture, Storing, or Distribution of Feeds or Feed Ingredients as Described in the Proclamation of January 10, 1918, Excepting Millers of Wheat, Rye, Corn, Oats, and Barley, Cottonseed Crushers, Sugar Refiners, and Other Licensees Who Manufacture Feed As a By-Product of Licensed Food Commodities.

NOTE.—Manufacturers who manufacture feed as a by-product of licensed food commodities are governed in respect to such manufacture by the special regulation applying to them. Dealers in wheat, rye, corn, oats and barley are governed by Special License Regulations above, which differ from the following feeding stuffs rules.

RULE 1. LIMITATION ON STOCK OF FOOD UNDER CONTROL.—The licensee shall not, without the written consent of the United States Food Administrator, or his duly authorized representative, keep on hand, or have in possession, or under control by contract or other arrangement, at any time any feed ingredients or feeding stuffs in a quantity in excess of the reasonable requirements of his business for sale by him during the next sixty days.

Provided, that between May 1 and November 1 he may accumulate a total stock not at any time in excess of his reasonable requirements for sale within the next one hundred and twenty days. Any stock which is in excess of a sixty days' supply on November 1 shall not be increased after that date, but nothing in this rule shall require its reduction to a sixty days' supply until March 1 of the following year.

Provided, further, that this rule shall not prevent the licensee from storing or having under control in sufficient quantity to fill his reasonable requirements throughout the period of scant or no production any of the following commodities: Molasses in bulk, alfalfa meal, dried beet pulp, copra cake or meal, linseed cake or meal, milo, baled alfalfa, millet, palm nut meal, palm kernel meal, buckwheat and its products, fish scrap, peanut hay meal, soya bean meal from imported soya beans, kaffir, feterita, sunflower seed, broken wheat mixture, baled straw, baled hay, peanut feed, imported wheat screenings, wild buckwheat, peanut meal from imported peanuts.

RULE 2. FEED SOLD SHALL NOT GIVE PURCHASER A SUPPLY IN EXCESS OF THAT PERMITTED BY RULE 1.—The licensee shall not sell or deliver to any person any feed ingredients or feeding stuffs without the consent of the United States Food Administrator if the licensee knows or has reason to believe that such a sale or delivery will give to such person a supply of any such commodities in excess of his reasonable requirements as permitted to him under the preceding special rule 1; *provided,* that this rule shall not prevent the sale or delivery of any feed ingredients or feeding stuffs to any person for the Federal, State, county, or municipal governments or for the government of any nation at war with Germany, or the sale or delivery of a carload the licensee having only sufficient of that commodity to last until the arrival of such carload.

RULE 3. CONTRACTS MUST PROVIDE FOR DELIVERY IN 60 DAYS.—The licensee shall not make or have outstanding at any time any contract for the sale of any feed ingredients or feeding stuffs other than those specified in rule 1 for shipment or delivery more than 60 days after the making of such contract except for seeding purposes; *provided,* however, that this rule shall not apply to contracts with the Federal, State, county, or municipal governments or with the government of any nation at war with Germany.

RULE 4. MINIMUM CARLOAD REQUIREMENTS.—All carload shipments of feeding stuffs shall be made in car lots of not less than 60,000 pounds unless a different minimum is authorized by special written permission of the United States Food Administrator; *provided,* however, that when cars of lower carrying capacity are used the maximum load which the car will carry may be used without such permission. If the car will not hold 60,000 pounds it shall be loaded to its full visible capacity. In loading molasses feeds in warm weather an air space not to exceed 3 feet from top row of sacks to roof of car at lowest point may be allowed to insure against heating of feed.

RULE 5. STORAGE IN SEABOARD ELEVATORS LIMITED TO 30 DAYS.—No licensee operating any elevator, warehouse, or other storage place at any seaboard shipping point shall receive for or keep in storage any feeding stuffs listed above, other than for the United States Government, or any of its agencies, for a longer period than 30 days, or in the case of any such commodity now held in storage and which was received in storage on or before November 1, 1917, for a longer period than 5 days after this rule becomes effective, without the consent in writing of the United States Food Administrator, or his duly authorized representative. This rule shall not apply to the storage of any such commodity at interior points.

RULE 6. WHEAT NOT TO BE SOLD FOR FEED.—The licensee shall not without the permission of the United States Food Administrator sell wheat except mill feed for feeding purposes or use wheat in manufacturing or mixing feed; *provided,* however, that poultry or pigeon feed containing not more than 10 per cent. of wheat unfit for human consumption may be manufactured and sold without such permission; *provided,* further, that any wheat unfit for human consumption and unfit for poultry and pigeon feed may be used for other feeding purposes.

RULE 7. FEED TO BE SOLD AT REASONABLE ADVANCE OVER AVERAGE COST.—The licensee in any sale of feeding stuffs shall take no more than a reasonable profit for such sale over the average cost of his stock of any commodity on hand or under control not at that time contracted to be sold, and in arriving at the cost of corn or oats he shall take into consideration the gain or loss resulting from any hedging transaction on a grain exchange.

NOTE.—This rule does not apply to wheat mill feeds or cottonseed products which are dealt with under Special Regulations B and C.

B. Special Regulations Applying to Wheat Mill Feeds

NOTE.—All wheat millers should sell wheat mill feed on a fair price schedule which is based on the Government wheat price, and which is furnished to each mill. The rules require that upon request the mill furnish to any person a copy of its fair price schedule as prescribed by the United States Food Administration. The purchaser is abetting a violation of the milling rules if he pays more for feed than is permitted thereby.

RULE 1. ONE BROKERAGE NOT TO EXCEED 25 CENTS A TON PERMITTED.—No licensee selling wheat mill feed as a broker shall charge more than a reasonable brokerage, not to exceed 25 cents per ton, and no licensee shall charge a brokerage on any wheat mill feed on which a brokerage has already been charged.

RULE 2. ONE COMMISSION NOT TO EXCEED 50 CENTS A TON PERMITTED ON CONSIGNED FEED.—No licensee selling wheat mill feed as a commission agent for the sale of consigned wheat mill feeds, making sale, delivery, and collection, shall charge more than a reasonable commission, not to exceed 50 cents per ton; and no licensee shall charge a commission on any wheat mill feed on which a commission has already been charged.

RULE 3. REASONABLE MARGINS FIXED FOR JOBBERS.—No licensee buying and selling wheat mill feeds as a wholesaler or jobber shall charge more than a reasonable advance over the bulk price at mill of the particular wheat mill feed sold (plus freight and cost of sacks), such advance not to exceed the following:

Shipment from mill or in transit, payment cash, demand draft or sight draft, $1 per ton.

Shipment from mill or in transit, sale on arrival draft terms, $1.50 per ton.

Sale ex-jobbers warehouse, payment cash, sight draft or demand draft, $2.50 per ton.

Sale ex-jobbers warehouse, upon arrival draft terms, $3 per ton.

In making sales on credit not to exceed $1 per ton may be added to the margin which could be charged if sold on arrival draft terms.

RULE 4. NO RESALES OF WHEAT MILL FEEDS IF TOTAL MARGIN EXCEEDS THAT PRESCRIBED IN RULE 3.—No wholesaler or jobber shall sell wheat mill feed to any person other than a retail dealer, manufacturer, or a consumer; *provided,* that he may sell to another wholesaler or jobber if in making such sales he states to the buyer the price which was paid bulk mill for the particular wheat mill feeds sold in such case. The buyer shall not sell such mill feed at more than the advances specified in rule 3 over the bulk mill price of the particular wheat mill feed so purchased from another wholesaler or jobber.

C. Special Regulations Applying to Dealers and Buyers in Cottonseed Cake, Cottonseed Meal, Cottonseed Hulls, Peanut Meal, and Soya Bean Meal.

RULE 1. TO BE SOLD AT REASONABLE ADVANCE OVER COST OF PARTICULAR LOT SOLD.—The licensee shall sell the above commodities at not more than a reasonable advance over the actual cost of the particular commodity sold, without regard to the market or replacement value at the time of sale.

NOTE.—Until further notice the United States Food Administration will regard any resale of cottonseed meal or cake by jobbers or wholesalers at margins in excess of the following as unreasonable and in violation of the foregoing rule:

Shipment from mill or in transit, payment cash, demand draft or sight draft, $1 per ton.

Shipment from mill or in transit, sale on arrival draft terms, $1.50 per ton.

Sale ex-jobber's warehouse, payment cash, sight draft or demand draft, where meal or cake is actually handled through the warehouse, $2.50 per ton.

Sale ex-jobber's warehouse upon arrival draft terms where meal or cake is actually handled through the warehouse, $3 per ton.

In making sales on credit except to other wholesalers not to exceed $1 per ton may be added to the margin which could be charged if sold on arrival draft terms.

RULE 2. NEW CROP COTTONSEED PRODUCTS NOT TO BE BOUGHT OR SOLD BEFORE AUGUST 1.—The licensee shall not buy or sell cottonseed meal, cottonseed cake, or cottonseed hulls, made or to be made from new-crop cotton seed, grown in the United States before August 1 of the year in which such cotton seed is grown.

NOTE.—Under Special Rule A-3 these products can only be bought or sold after August 1 for sixty days' delivery.

RULE 3. QUOTATIONS BASED ON PROTEIN OR FAT CONTENT.—Licensees who base quotations of cottonseed meal or cake upon

either the protein or fat content, or combination thereof, shall not use any range of percentages but shall state that the product offered contains not less than a definite percentage.

D. Special Regulations Applying to Dealers in Hominy Feed

RULE 1. SPECIFICATIONS FOR HOMINY FEED.—On and after August 1, 1918, the licensee shall not knowingly quote, sell, or label products of corn under the following designations unless they conform to the following specifications. In cases where the licensee after an inspection of the goods has no reason to suspect a failure to conform to the specifications, he shall not be held to violate this rule if he quotes or sells products under the designation used by the miller selling to him.

Hominy feed, hominy meal, or hominy chop.—Shall be a kiln-dried mixture of the mill run bran coating, the mill run germ, with or without a partial extraction of the oil and a part of the starchy portion of the corn kernel obtained in the manufacture of hominy, hominy grits, and corn meal by the degerminating process from clean sound white corn, shall contain not to exceed 14 per cent. moisture, not to exceed 7 per cent. fiber, not less than 10 per cent. protein, not less than 5 per cent. fat, and shall have a texture fine enough to sift through No. 12 wire bolting cloth.

Yellow hominy feed, yellow hominy meal, or yellow hominy chop shall conform to the specifications for hominy meal, hominy flour, or hominy chop in all respects except that it shall be made from clean sound yellow corn instead of white corn.

NOTE. — *Blackstrap Molasses.* — The attention of feed manufacturers is called to the fact that refiners of sugar in the United States have been forbidden to sell blackstrap molasses in bulk at more than 18 cents per gallon, or in barrels at more than 23 cents per gallon. The prices named are f.o.b. cars at primary markets or port of entry, or point of production, if carrying same freight rate as from primary markets, net cash in 10 days without discount, and shall include brokerage and any profit taken by distributors in tank cars direct from the refiners, but shall not include freight or tank car charges.

Feed manufacturers should be able to buy blackstrap molasses at the above prices in tank cars, paying in addition thereto only the freight and tank car charges. An additional margin of 10 per cent is permitted to dealers in barrels who handle such barrels through their warehouse.

The same rules apply to imported blackstrap molasses.

SPECIAL LICENSE REGULATIONS GOVERNING DEALERS IN ROUGH RICE; RICE MILLERS AND MANUFACTURERS OF RICE FLOUR

NOTE.—Effective July 29, 1918. Licensees are also subject to general license regulations contained in this book.

A. Special Regulations Governing Dealers in Rough Rice

RULE 1. MAXIMUM MARGIN OVER COST FIXED.—The licensee shall not sell rough rice, except for seed, at an advance over the

actual purchase price of the particular rice sold in excess of 1 per cent. of such purchase price plus the storage charge, insurance and interest on the investment at the rate of 6 per cent. per annum.

RULE 2. COMMISSION MERCHANTS' CHARGES LIMITED.—The licensee in receiving rough rice on consignment, shall not charge a commission of more than one per cent. on any sale of such rice to any person except for seed purposes.

RULE 3. RESALES PROHIBITED.—The licensee shall not sell rough rice, except for seed, to any person other than a rice miller.

RULE 4. AMOUNT OF ROUGH RICE UNDER CONTROL LIMITED TO SIXTY DAYS' SUPPLY.—The licensee shall not keep on hand, or have in possession or under control by contract or other arrangement any rough rice except for seed purposes, in a quantity in excess of his reasonable requirements during the period of sixty days.

RULE 5. CONTRACTS MUST PROVIDE FOR SHIPMENT WITHIN SIXTY DAYS.—The licensee shall not make any contract for rough rice for delivery more than sixty days after the making of the contract, except for seed.

RULE 6. MINIMUM CARLOAD SHIPMENTS.—All carload shipments of rough rice shall be in carloads of not less than sixty thousand pounds unless a different minimum is authorized by the special written permission of the United States Food Administrator, provided, however, that when cars of lower carrying capacity are used the maximum load which the car will carry may be used without such permission.

B. Special Regulations Governing Rice Millers and Manufacturers of Rice Flour.

RULE 1. AMOUNT OF ROUGH RICE UNDER CONTROL LIMITED TO SIXTY DAYS' SUPPLY.—No licensee operating any rice mill shall keep on hand or have in possession or under control, at any time, any greater quantity of rough rice than shall be equivalent to the output of such rice mill during the period of sixty days.

RULE 2. CONTRACT MUST PROVIDE FOR SHIPMENT WITHIN THIRTY DAYS.—No licensee shall make or have outstanding, at any time, any contract for the sale of clean rice for shipment more than thirty days after the making of such contract, provided, however, that this rule shall not apply to contracts with the Federal, State, County or Municipal Governments, or to contracts for the sale of brewers' rice, or to contracts for the exporting of rice to foreign countries.

RULE 3. CLEAN RICE NOT TO BE SOLD AT MORE THAN REASONABLE ADVANCE OVER COST.—Any licensee engaged in the business of milling rice shall sell cleaned rice at not more than a reasonable advance over the cost of such rice without regard to the market replacement value at the time of sale.

NOTE.—*Brokers' Commissions.*—Brokers will be considered by the Food Administration as making an unreasonable and exorbitant charge for negotiating the sale of rice or rice products in any case where the brokerage exceeds—

(a) Seven cents per hundred pounds on carload orders, except brewers' rice, sold in the following cities: New York, San Francisco, Charleston, Savannah, Jacksonville, Fla., St. Louis, Chicago, Kansas City, Mo., Galveston, Tex., and Houston, Tex.

(b) Six cents per hundred pounds on any quantity of rice, except brewers' rice, sold in New Orleans.

(c) Eight cents per hundred pounds for carload orders, except brewers' rice, sold at any other point except those designated in (a) and (b).

(d) Six cents per hundred pounds on brewers' rice sold at any point and in any quantity.

(e) Twenty-five cents per ton on rice bran or rice polish at any point and in any quantity.

(f) Six cents per hundred pounds on rice flour sold at any point and in any quantity.

RULE 4. MINIMUM CARLOAD SHIPMENTS.—All carload shipments of rice or rice flour shall be in carlots of not less than 60,000 pounds, unless a different minimum is authorized by special written permission of the United States Food Administrator, provided, however, that when cars of lower carrying capacity are used, the maximum load which the car will carry may be used without such permission.

NOTE.—This rule in its present form was adopted July 31, 1918.

RULE 5. RICE FLOUR NOT TO BE MADE FROM WHOLE RICE.—The licensee shall not manufacture rice flour from whole rice.

RULE 6. SPECIFICATIONS FOR RICE FLOUR.—Rice flour shall be milled from clean sound rice and shall be of a texture fine enough so that 85% shall sift through No. 9 XX bolting silk and the balance through No. 8 XX silk, shall be of uniform color and shall not contain more than 13½% moisture and 1½% fat by ether extraction.

RULE 7. MAXIMUM MARGINS GOVERNING MANUFACTURERS OF RICE FLOUR.—The licensee shall not sell rice flour at an advance of more than 75 cents per 100 pounds over the purchase price of brewer's rice or screenings delivered at the mill.

RULE 8. UNIFORM CONTRACT PRESCRIBED.—The licensee shall not sell any cleaned rice or rice flour in quantities of twenty-five pockets or more except by signed contract in the form prescribed below. The licensee shall not sell rice or rice flour in

quantities less than twenty-five pockets, unless stipulating that the terms of the contract prescribed below shall prevail:

FORM OF CONTRACT

Contract No.....

Dated.....191....

.....of.....

hereby sells and agrees to deliver and.....hereby purchases and agrees to pay for the following described merchandise on the terms and conditions specified below:

No. Packages.	Kind.	Brand.	Price (sacks included).

Delivery f. o. b. at.....
Time of shipment.....
Shipment periods to be.....
Routing..... Destination.....
Terms: Draft, bill of lading attached, seller's order notify buyer—net cash upon arrival and inspection. Discount for cash within ten days of draft whether goods arrived or not.....
Bank of.....
The buyer requests seller to take out insurance as follows:
.....
.....
The buyer and seller agree upon arbitration in the following manner:
.....
.....

TERMS AND CONDITIONS

1. FOOD ADMINISTRATION REGULATIONS: It is understood and agreed that the buyer and seller shall conform to all regulations promulgated by the United States Food Administration.

2. EXAMINATION AND APPROVAL: The buyer shall have no right of claim, nor shall he be entitled to arbitration unless claim is made or arbitration demanded within three full business days after arrival.

3. RESPONSIBILITY BEFORE AND AFTER SHIPMENT: All sales shall be made F. O. B. shipping point. The seller agrees to deliver the goods free on board cars or steamer in good shipping condition. All freight charges, demurrage and expenses, or risks that may occur thereafter are for the account of the buyer.

Any advance in freight rates over which the seller has no control from time of signing this contract until date of shipment is for the account of the buyer. No liability shall arise hereunder against the shipper for failure to make deliveries due to strikes, fires, loss of merchandise in transit, embargoes on freight, postponement in sailing of steamers, car shortage, acts of God, war, or for any circumstances or accidents beyond the control of the shipper. Shipper guarantees full net weight at shipping point, but no claim for short weight shall be made where shortage does not exceed one-half of one per cent. Seller shall not be responsible for delay in delivery due to failure of carriers to furnish equipment, or to any other causes beyond its control. All contracts made with public carriers, of whatsoever nature, for the shipment of the above goods, are made subject to the terms of such carrier's bill of lading. Seller shall have option of making delivery F. O. B. another point than designated, seller absorbing any difference in rates either way.

4. INSURANCE: The seller shall have the option to insure the merchandise sold against all war risks without consulting buyer, but at buyer's expense; and buyer agrees to pay said expense in addition to and at the time of payment of the contract price. The seller is authorized, in case merchandise is to move by water, to take out Marine insurance at current rates, and buyer agrees to pay said expense in addition to and at the time of payment of contract price. The seller agrees to take out any insurance requested specifically in this contract by the buyer at the buyer's expense, and the buyer agrees to pay said expense in addition to and at the time of payment of the contract price.

5. ARBITRATION: All disagreements arising under this contract shall be submitted to arbitration in the following manner: The parties may agree in the contract upon arbitration by any established arbitrating committee, or if no established committee is agreed upon, arbitration shall be by a committee named by the Federal Food Administrator of the State wherein the point of destination is located.

In case of arbitration where the difference in grade does not exceed ¼ of 1 cent per pound, the buyer shall accept the goods at the allowance. If, however, the difference exceeds ¼ of 1 cent per pound, the buyer shall have the option to accept the goods at the allowance made by the arbitration committee, or require that another shipment be made within ten days from date of notice to the seller, which notice must be given twenty-four hours after the decision is made. All expenses of arbitration shall be borne by the party against whom the award is made, and further, this contract between the buyer and the

seller is to be the basis upon which each and every arbitration is settled.

6. DELIVERIES: It is agreed that the above order shall be shipped or delivered as specified within thirty calendar days, dated from time when contract is accepted.

7. CONTRACT NOT SUBJECT TO CHANGE: It is agreed that no agent or representative has authority to modify the terms of this contract, and there shall be no extension of time of shipment under this contract, except as herein stated.

8. BUYER'S NON-FULFILLMENT OF CONTRACT: In case the merchandise is to be delivered or to be paid for in installments, the failure of the buyer to pay the first installment of the purchase price promptly when due, shall give the right to the seller, at his option, to cancel the contract.

This contract is made in triplicate, one copy to be retained by the buyer, one copy to be retained by the seller's agent, if any, and the other copy to be retained by the seller.

.....(SELLER)

By.....

.....(BUYER)

By.....

Accepted:

.....

Rules and Regulations Governing Licensees Engaged in Business as Cold Storage Warehousemen

Special Definitions

1. Cold Storage Warehouse:

A cold storage warehouse shall mean any place artificially or mechanically cooled to or below a temperature of 45 degrees above zero Fahrenheit in which food products are placed and held for thirty days or more.

2. Public Cold Storage Warehousemen:

Any individual, firm, corporation or association engaged in the business of maintaining and operating cold storage warehouses in which food products are stored for hire or compensation, shall be called a public cold storage warehouseman.

3. Private Cold Storage Warehousemen:

Any individual, firm, corporation or association that maintains and operates as an adjunct to their business, cold storage warehouses for the storage of food products exclusively owned or dealt in by them, shall be called a private cold storage warehouseman.

4. Combined Public and Private Cold Storage Warehousemen:

Any individual, firm, corporation or association which combines a public cold storage warehouse business with the storage of commodities which directly or indirectly it owns, deals in, or otherwise has an interest in shall be called a combined public and private cold storage warehouseman.

NOTE.—Lessee or Tenant of Cold Storage Warehouse.

When a person rents a room or rooms from a cold storage warehouseman and the latter has no control over the goods stored therein, the owner of the warehouse is not deemed the warehouseman of these goods. The person renting the room is the warehouseman of such goods, must be licensed as a cold storage warehouseman and must comply with the general and special regulations governing cold storage warehousemen.

Special Rules

Trading Prohibited:

RULE 1. (a) No public cold storage warehouseman shall either directly or indirectly own or deal in any food commodities stored by said public cold storage warehouseman, except food commodities that are legally acquired for charges or advances made.

(b) No director, officer, agent or employee of any public cold storage warehouseman shall either directly or indirectly own, deal in, or otherwise have any interest in any food commodities stored by said public cold storage warehouseman, unless such director, officer, agent or employee holds a license from the United States Food Administration to deal in such food commodities, but in no event shall he engage in any unfair, deceptive or discriminatory practice.

(c) No director, officer, agent or employee of any public cold storage warehouseman shall directly or indirectly own stock in a corporation that owns any food products stored by said public cold storage warehouseman unless such corporation holds a license from the United States Food Administration to deal in such food commodities; but in no event shall he engage in any unfair, deceptive or discriminatory practice.

This rule shall not apply to any farmer, gardener, or other person who is a director, officer, agent or employee of the public cold storage warehouseman in respect to the products of any farm, garden or other land owned, leased or cultivated by him.

NOTE.—A cold storage warehouseman does not have to have a wholesaler's or jobber's license to sell stored goods in order to protect a loan that is secured by a lien on said goods.

Notice of Dual Capacity:

RULE 2. Licensees who are classified as Combined Public and Private Cold Storage Warehousemen shall clearly indicate the dual capacity on all warehouse receipts issued.

NOTE.—The United States Food Administration has ruled that a cold storage warehouseman who classifies himself as a combined public and private cold storage warehouseman, and obtains a license as such, thereby becoming entitled to own commodities that are stored in his warehouse, must be licensed as a dealer. If he deals in any commodities that are licensed commodities, he must observe the rules and regulations governing dealers.

Schedule of Storage Rates:

RULE 3. Licensees shall submit on blanks to be furnished for that purpose a statement or schedule showing present rates and charges for storage and other service on each commodity required to be licensed, together with all charges for labor, insurance on contents of warehouses and whether included in storage rate, cartage, if any, and whether included in storage rate, interest and all other charges not enumerated.

NOTE.—General Rule 5 prohibits cold storage licensees from making unreasonable or discriminatory charges in handling or storing food commodities.

The United States Food Administration recognizes the principle that up to a certain point it ordinarily costs less per unit to handle large quantities than to handle small quantities, and large lots than small lots, of a particular commodity, and has no objection to licensees charging a lesser rate per unit for large quantities or lots than for small quantities or lots if the differentiation in rates is based on variation of cost in handling the particular commodity.

Hereafter the above-mentioned principle must be applied by Cold Storage Warehousemen in arranging any variations in rates or discounts for quantity contained in schedules of rates or amendments thereto that are filed.

With respect to rate schedules now on file in which lower rates for large lots or discounts for quantity are stated, no objection has been or will be made to differentiations in rates unless they are obviously merely arbitrary or discriminatory or in effect constitute a preference to one or a few patrons, or unless upon investigation they are found to be without reasonable justification.

All rates must of course be contained in the schedule required to be filed with the United States Food Administration and must be clear, explicit, well defined, and intelligible. Every patron is entitled to know his exact classification and the specific rate he is to be charged.

Attention is called to General Rule 5, which prohibits licensees from making unjust, exorbitant, unreasonable, discriminatory or unfair storage charges.

The fact that a licensee files with the Food Administration his schedule of rates and charges under Special Rule 3, supra, does not mean that the rates and charges in such schedule have the approval of the Food Administration. If the Food Administration at any time has reason to believe that any such rates or charges are unjust, unfair, exorbitant, unreasonable or discriminatory, the licensee will be called upon to justify such rates or charges.

Uniform Rates—Change in Rate Must Be Filed Thirty Days:

RULE 4. The licensee shall not demand, collect, or receive, directly or indirectly, from any patron or other person concerned any different sum for storage or other services performed than

that shown on the schedule filed with the United States Food Administration, or make any charge for services or special allowance or rebate not shown on said schedule, unless he has filed with the United States Food Administration at least thirty days before the change in rate or charge becomes effective an amendment to the schedule showing such change in rate or charge.

NOTE.—Under the foregoing Rule 4 Governing Cold Storage Warehousemen, which provides that the licensee must not charge rates other than those that are included in his schedule of rates filed with the United States Food Administration, a licensee is prohibited from storing licensed food commodities at rates fixed by contract or other arrangement that differ from those specified in the filed schedule; when amendments to any schedule are filed the new rates become effective thirty days after filing and at such time storing at the rates superseded by the amendments must cease, any arrangement or agreement to the contrary notwithstanding.

Illustrative Case: The Smith Cold Storage Warehouse Company, prior to the enactment of the Food Control Law and the promulgation of the present rules and regulations thereunder governing cold storage warehousemen, entered into a long-time contract with the Jones Company, at a rate different than that rate which has now been filed with the Food Administration in its schedule, as required under the rules, supra. The question is whether this contract is now superseded by the schedule of rates filed with the Administration, or whether the contract remains in existence notwithstanding a different rate filed, and whether the change, if any, would have the effect of impairing the constitutional right of contract.

Answer: Special Rule 4, supra, is not directed towards cancellation of contracts. It provides that a licensee shall not store commodities at a rate other than that shown in its filed schedule. This rule, and the law under which authority it was promulgated, is a war measure, and will no longer be effective after the existing state of war between the United States and Germany is terminated, and the fact has been proclaimed by the President. Therefore, during the war the rates of the warehouseman, as they appear in its filed schedules, should prevail. During the time they are operative, contracts calling for rates other than those prescribed by the rates filed under this war measure, would be void, as being in violation of the rules and regulations.

Loan Margins:

RULE 5. The licensee in making loans, either directly or indirectly, to patrons or other persons concerned, or commodities required to be licensed, or who shall become liable on notes covering such loans by indorsement, guarantee or otherwise, shall limit the amount of such loans, including all advance charges, to a maximum of 70 per cent of the market value of the said commodity on the date of the said loan. A margin of not less than 30 per cent on all such loans and advance charges shall be maintained at all times.

PROVIDED THAT this rule shall not affect the validity of any loan actually made before November 1, 1917.

NOTE.—A combined public and private cold storage warehouseman who sells on credit food commodities required to be licensed, and transfers title

thereto and who thereafter stores such commodities which remain security for the unpaid portion of the purchase price, is, by extending credit in such a transaction, indirectly making a loan on such commodities within the meaning of special Rule 5 governing licensees engaged in business as cold storage warehousemen, and he must not extend credit for more than 70 per cent of the market value of such commodities. A margin of 30 per cent must be maintained at all times, as provided by the Rule. See General Rule 27, infra.

A cold storage warehouseman in releasing or delivering out any licensed commodities on which such loans as are mentioned in the rule have been made, shall, if such release or delivery would result in the margin on the loan being decreased to less than 30 per cent, require and obtain before or at the time such release or delivery is made, a sufficient payment so that the amount of the loan is reduced and the required margin of at least 30 per cent is at all times preserved.

Illustrative Case: What are to be considered as items of advances or charges within the meaning of the rule supra?

Answer: An advanced charge may arise through the payment of money by the warehouseman to some third person, or the assumption of an indebtedness by the warehouseman, with reference to the goods upon which the loan is based. For example, a charge for insurance, freight, cartage or prior storage, which the warehouseman has paid, or assumed to pay, is an advance charge and must be included in estimating the amount of the loan permitted by this rule. On the other hand, the indebtedness to the warehouseman making the loan for storage charges on the goods, for interest on the loan, or any other item which does not represent an advance by the warehouseman to or for the customer, with reference to the goods stored, is not an advance charge and need not be included in estimating the amount of the loan permitted by this rule.

Branding:

RULE 6. (a) Every public cold storage warehouseman, private cold storage warehouseman, or combined public and private cold storage warehouseman, who after November 1, 1917, shall keep in any cold storage warehouse any fresh meat, fresh meat products, fresh fish, poultry, eggs or butter that were received before November 1, 1917, shall plainly mark, stamp or tag, either upon the container wherein said foodstuffs are packed, or upon the article itself, the words "Cold Storage," before the same are delivered out of the cold storage warehouse.

(b) No public cold storage warehouseman, or combined public and private cold storage warehouseman shall, on or after November 1, 1917, place or store in any cold storage warehouse any of the foodstuffs mentioned above, unless plainly marked, stamped or tagged, either upon the container wherein packed, or upon the article of food itself, with the words "Cold Storage," with the name of the cold storage warehouse and the State wherein located; with the date when placed therein and with the date delivered therefrom.

(c) Every private cold storage warehouseman who, after November 1, 1917, receives in any private cold storage warehouse any of the foodstuffs mentioned above, shall mark them with the

date of their receipt if they are intended to be held less than thirty days. If they are held thirty days or more, they shall be marked with all the data prescribed in (b) above before being delivered out of the cold storage warehouse.

NOTE.—Subdivision (c) of Special Rule 6 governing cold storage warehousemen applies to a combined public and private cold storage warehouseman in respect to commodities which the public and private cold storage warehouseman directly or indirectly owns, deals in, or otherwise has an interest in as a private cold storage warehouseman. Special Rule 6, subdivision (c) supra, governing cold storage warehousemen, has reference to food commodities kept in cold storage thirty days or more.

The time during which food commodities, such as butter, are in the process of manufacture is not to be included in calculating the time in which such commodities are or have been kept in cold storage.

(d) The required markings shall be placed on each article or container that is offered separately for storage, provided, that when articles of the designated foodstuffs not in containers are stored in bulk, for example, in stacks or piles, and it is found impracticable to mark each article, then the required marking may be made upon a placard upon or adjacent to the bulk mass of articles. When such articles are removed from cold storage, they shall immediately be placed in appropriate containers, which shall be marked as above required. Said markings must be plainly legible and in letters and figures not less than three-eights of an inch in height, and the ink used must be of a permanent character. Recognized abbreviations only will be accepted.

(e) No licensee shall remove or erase or permit to be removed or erased, any mark, stamp or tag provided for in this rule.

(f) When any of the specified food products are transferred from one container to another, all the data required herein to be placed on the original container shall be placed on the container to which the food products are transferred.

Illustrative Case: The X. Y. Poultry Company places poultry in public cold storage warehouse for the purpose of chilling, where it is held for thirty days. Would it be necessary for the public cold storage warehouse to mark the words "Cold Storage" on the poultry that has been frozen for the X. Y. Company?

Answer: It would be necessary to comply with requirements of Subdivision B of Rule 6, supra, governing cold storage warehousemen. This rule applies to goods placed in a public cold storage warehouse to be chilled. The goods must not only bear the "In" and "Out" date, but also the words "Cold Storage" and the names of the cold storage warehouse, and the state in which the cold storage warehouse is located. It is true, however, that if the X. Y. Company leased a room in a cold storage warehouse, and in such room did not store the goods for thirty days, and if the control of the goods stored therein is kept by the X. Y. Company, and it performs all the work and labor in connection with handling the goods, etc., no markings would be required to be placed on the goods. In such circumstances the rented or leased part of the warehouse would not be a cold storage warehouse within the definition of a cold storage warehouse

under these regulations. It would not be a place in which food products were stored for thirty days or longer. If, under such circumstances, the goods were stored for thirty days, then the X. Y. Company would be a private cold storage warehouseman, and in the case of goods that were removed within thirty days, it would be necessary to put on the "In" date, as prescribed in Rule 6, Subdivision C. The public cold storage warehouseman, in such circumstances, would not be considered a licensee, as he would have no control over the goods placed in such room. If the goods were held, as above suggested, by the owner, for a period of thirty days or more, it would be necessary for the X. Y. Company to be licensed, inasmuch as it would in such case be a private cold storage warehouse.

Illustrative Case: The A. B. Packing Company has a number of branch houses at which it held licensed food commodities thirty days or more, at a temperature of less than 45 degrees above zero Fahrenheit. There was no intention on its part to hold the goods for a longer period than thirty days. In fact, it was intended to remove the same prior to that time, but because of inability to dispose of same on the market, it was necessary to hold a few days longer. Is it necessary that this concern, in such circumstances, be licensed? This same company also carries certain quantities of sausage material in cold storage, which material is accumulated during certain periods of plenty and is carried forward to a period of scarcity. The material is then made up into sausage. Would it be necessary to brand this product in accordance with Rule 6, supra?

Answer: Every branch of this concern which holds licensed food commodities, for the time and in the circumstances mentioned above, would be required to have a license as a cold storage warehouse. The intention as to the time when goods are to be held is immaterial. The regulations prescribe the time and the temperature during which the goods are held as constituting a cold storage warehouse, and when these facts appear, a license is required. The matter of intention of holding goods thirty days or more when put in cold storage is immaterial. In reference to the second question, goods which are held in process of manufacture are not believed to be within the meaning of the rule above, and it would not appear to be necessary to comply with the provisions contained in this rule.

Tainted and Unwholesome Goods Must Not Be Stored or Kept in Storage:

RULE 7. The licensee shall not receive for storage or keep in any cold storage warehouse any food products which are apparently diseased, tainted or otherwise unfit for human consumption.

NOTE.—The foregoing rules are all the rules governing warehousemen issued up to the time of this publication.

The following Rule, originally contained in General Rules, is still in effect and requires licensee storing commodities to file certificate showing their market value, upon request of warehouseman.

Statement Filed With Warehouseman Upon Request:

RULE 27. (Effective February 7, 1918.) The licensee storing with a cold storage warehouseman commodities required to be licensed upon which the warehouseman either directly or indirectly loans money, shall upon request of such warehouseman file

with him a certificate stating the market value of the goods stored and shall make no false or misleading statement in such certificate, nor shall he fail to maintain the margin required on all loans by Special Rule 5, governing licensees engaged in business as cold storage warehousemen.

Special Regulations Governing Manufacturers, Dealers, Brokers and Commission Merchants in All Kinds of Cheese.

Rule 1. Cheese To Be Sold at Reasonable Advance Over Cost—The licensee dealing in cheese shall sell cheese without regard to market or replacement value at not more than a reasonable advance over the cost of the particular cheese sold; provided, that the licensee may average by weight, the cost of all cheese of the same kind, shape and grade which have not already been contracted to be sold. The licensee shall keep a record of the manner in which such average has been determined. When new lots are added and a new average calculated the licensee shall include in the new averaging all stock remaining on hand of lots already averaged at the average cost of such lots previously determined. If the cost of any cheese is averaged the cost of all cheese must be averaged.

Cost for the purpose of this rule shall include:

1. Purchase price.
2. Transportation charges, if any.
3. Storage charges actually incurred, provided that the cheese has been in storage more than sixty days.
4. Insurance charges actually incurred, provided that the cheese has been in storage more than sixty days.
5. Interest on money invested at the current rate, provided that the cheese has been in storage more than sixty days.
6. Actual cost of paraffining, if any, not to exceed one-fourth cent per pound.

Note to Items 2, 3 and 6 of Cost, Supra.—Drayage is not to be considered a part of the transportation charge to be included as an element of cost, but is a part of the licensee's expenses which, like overhead expenses, are covered by selling margins.

In any case where a licensee owns his own storage warehouse in which cheese owned by him is stored more than thirty days, he may include in his calculation of cost a charge for warehousing equal to that ordinarily paid to a public warehouse for similar services. Where cheese is carried in a private warehouse without refrigeration, refrigeration rates must not be charged.

The dealer must calculate the actual cost of paraffining and will not be permitted arbitrarily to take one-quarter cent per pound as this cost. In cases where the cheese is reweighed after paraffining the increased weight must be taken into consideration in determining the cost.

Cost shall not include any allowance for shrinkage in weight,

commissions, expenses of breaking packages and repacking, or any other expenses than those herein listed.

NOTE.—*Reports to be furnished on demand.* The licensee must be prepared to furnish to the United States Food Administration or to the Federal Food Administrator of his State upon demand a full report on costs and margins charged or on the maximum prices charged in any given period for any kind of cheese, or any other informaiton which may be considered necessary for the purpose of this rule.

The *maximum margins* indicated by the Food Administration are not to be regarded as fair normal margins or as so recognized by the Food Administration. They are intended only to prevent speculation and are purposely made wide enough to cover cases where the methods of doing business are more expensive, to the extent that such methods are justified. These maximum advances must not be exceeded in selling any lot of cheese and the prices charged by any dealer must not in any case be more than sufficient to return to him a reasonable profit on his investment.

Dealers are expected to continue their business under competitive conditions and at normal margins. The maximum margins indicated are intended to prevent speculation and excessive profits when markets are advancing.

Licensees will be expected to sell cheese in usual quantities to customers, and where it appears that sales are being made in smaller quantities than customarily for the purpose of charging larger margins than would be allowed on larger sales, such larger margins will not be considered justifiable. Larger margins are only proper for sales of smaller quantities where selling in small quantities is the usual course of business, involving a greater expense.

Sales from branch houses. Where cheese is transferred by any dealer to a branch house of such dealer in the same or another city, such transfer shall not be considered a sale governed by the maximum margins indicated for sales. No advance over cost for such transfer will be allowed except where the main house actually handles the cheese, in which case advances over cost for transfer not greater than those indicated below will be permitted, provided the transaction is in as direct a line of distribution as practicable; and the branch house may figure the transfer price (see below) as its purchase price and may sell cheese at an advance over cost on such basis not greater than the maximum margins indicated below. If the branch house transfers the cheese to another branch house of the same dealer, the total margin added by both branch houses must not be greater than the maximum margins indicated below.

Collusive sales. Any sale by a dealer to another dealer at a price higher than the price which the second dealer would have to pay in buying on the open market will be considered evidence of a collusive sale intended to defeat the purpose of Rule 1 by increasing the purchaser's cost and the price which he may charge upon a rising market.

Cost in the case of purchases of ungraded cheese. The cost of any grade of cheese must be figured on the purchase price of that grade. Where a dealer purchases ungraded cheese at one price per pound, regardless of the grades contained in the lot, he must not figure the purchase price per pound of any part of this cheese higher than the price per pound actually paid for the entire lot.

The growing practice due to present market conditions of buying cheese, particularly round Swiss, from the factory before it is sufficiently matured to permit of the determination of the quality of the product increases materially the speculative risk assumed by the buyer. It also results in lowering the standard of quality. The Food Administration is strongly of

the opinion that this tendency should be stopped as uneconomical and believes that the installation of grades will do much to stabilize values in this product. Where dealers sell on grade they can reduce their speculative risk if they do not purchase the cheese until its quality can be reasonably determined. The above requirement as to figuring costs is intended to accomplish this result.

Maximum Margins.

The Food Administration will consider the sale of any cheese of any of the following kinds by any dealer other than the manufacturer or the retailer at an advance over cost as hereinbefore defined of more than the following margins, as prima facie evidence of a violation of the Food Control Act and the above rule.

Where a licensee contracts to sell a quantity of cheese to be delivered in smaller quantities at future dates the dealer must be guided by the maximum margins indicated for sales of the quantity contracted to be sold and not for sales of the amount of any delivery.

American or Cheddar Cheese.

(a) ¾c per pound on car lot sales.

(b) 1¼c per pound on sales less than a car lot but amounting to 7,000 pounds or more.

(c) 1¾c per pound on sales less than 7,000 pounds but amounting to 4,000 pounds or more.

(d) 2½c per pound on sales less than 4,000 pounds, but amounting to 1,000 pounds or more.

(e) 3c per pound on sales less than 1,000 pounds, but amounting to 100 pounds or more.

(f) 3½c per pound on sales less than 100 pounds.

Where American or Cheddar cheese is held in a warehouse for more than thirty days, an additional margin not to exceed *one-eighth cent* per pound per month may be added for each and every month after the thirty day period during which the cheese is held in the warehouse by any licensee—but in no case shall the amount so added exceed *one cent* per pound and no further amount shall be added by any licensee after nine months from the date of original storage.

Transfer Margins. The margins for transfer of American or Cheddar cheese to a branch house where the main house actually handles the cheese shall not exceed *one-half cent* per pound regardless of the quantity.

Round or Tub Swiss Cheese.

(a) 1¾c per pound on car lot sales.

(b) 2½c per pound on sales less than a car lot, but amounting to 6,000 pounds or more.

(c) 3½c per pound on sales less than 6,000 pounds, but amounting to 3,000 pounds or more.

(d) 4c per pound on sales less than 3,000 pounds but amounting to one tub or more.

(e) 5c per pound on sales less than one tub but amounting to 120 pounds or more.

(f) 8c per pound on sales less than 120 pounds.

Where round or tub Swiss cheese is held in a warehouse for more than thirty days an additional margin not to exceed *one-fourth cent* per pound per month may be added for each and every month after the thirty day period during which the cheese is held in the warehouse by any licensee but in no case shall the amount so added exceed *two cents* per pound and no further amount shall be added by any licensee after nine months from date of original storage.

Transfer Margins. The margins for transfer of round or tub Swiss cheese to a branch house where the main house actually handles the cheese shall not exceed *one cent* per pound regardless of quantity.

Block Swiss Cheese.

(a) 1c per pound on car lot sales.

(b) 1⅜c per pound on sales less than a car lot, but amounting to 8,000 pounds or more.

(c) 2c per pound on sales less than 8,000 pounds, but amounting to 1,500 pounds or more.

(d) 2½c per pound on sales less than 1,500 pounds, but amounting to 750 pounds or more.

(e) 3c per pound on sales less than 750 pounds but amounting to 150 pounds or more.

(f) 4½c per pound on sales less than 150 pounds.

Where block Swiss cheese is held in a warehouse for more than thirty days, an additional margin not to exceed *one-fourth cent* per pound per month may be added for each and every month after the thirty day period during which the cheese is held in the warehouse by any licensee—but in no case shall the amount so added exceed *two cents* per pound and no further amount shall be added by any licensee after none months from the date of original storage.

Transfer Margins. The margins for transfer of block Swiss cheese to a branch house where the main house actually handles the cheese shall not exceed *three-fourths cent* per pound regardless of quantity.

Brick, Limburger and Munster Cheese.

(a) 1¼c per pound on car lot sales.

(e) 3c per pound on sales less than 750 pounds but amounting to 6,000 pounds or more.

(c) 2½c per pound on sales less than 6,000 pounds, but amounting to 2,400 pounds or more.

(d) 3c per pound on sales less than 2,400 pounds, but amounting to 600 pounds or more.

(e) 3½c per pound in sales less than 600 pounds, but amounting to 120 pounds or more.

(f) 5c per pound on sales less than 120 pounds.

Where Brick, Limburger or Münster cheese is held in a warehouse for more than thirty days, an additional margin not to exceed *three-eights cent* per pound for the first month after the thirty day period and *one-fourth cent* per pound per month for each of the following months thereafter during which the cheese is held in the warehouse by any licensee—but in no case shall the amount so added exceed *one and three-eighths cents* per pound and no further amount shall be added by any licensee after six months from the date of original storage.

Transfer Margins. The margins for transfer of Brick, Limburger or Münster cheese to a branch house where the main house actually handles the cheese shall not exceed *three-fourths cent* per pound regardless of quantity.

RULE 2. MANUFACTURERS WHO PERFORM SERVICES OF DEALER OR ASSEMBLER—Any manufacturer who acts also as an assembler, wholesaler or jobber, shall be subject in such sales to the rules and margins governing assemblers, wholesalers and jobbers, provided that instead of the purchase price as an assembler, wholesaler or jobber he shall either

(1) Compute the cost of raw materials and the expense of manufacture, or

(2) In the case of American or Cheddar cheese, take the price during the ten days after the cheese is manufactured on the shape and grade of cheese in the established primary market on the basis of which the cheese is usually sold by manufacturers.

NOTE.—In Special Rule 2, supra, the words "ten days after the cheese is manufactured" shall be considered to mean ten days after the cheese is removed from the hoops and placed in the curing room.

RULE 3. COMMISSIONS NOT TO BE UNREASONABLE—No licensee shall pay, and no commission merchant shall receive, an unreasonable or exorbitant commission in connection with the sales of cheese.

The licensee shall inform any commission merchant selling cheese for him of the maximum permitted price at which such cheese may be sold.

NOTE. Under Rule 1 the selling price may not be increased by reason of the payment of a commission. Commissions higher than those indicated below will be considered prima facie, unreasonable and exorbitant.

(a) *Maximum Commissions.* In the case of American or Cheddar Cheese *one-half cent per pound* on car lots and *one cent per pound* on less than car lots.

(b) In the case of Round or Tub Swiss Cheese *one and one-fourth cents per pound* on car lots and *one and three-fourth cents per pound* on less than car lots.

(c) In the case of Block Swiss Cheese *one cent per pound* on car lots and *one and one-half cents per pound* on less than car lots.

(d) In the case of Brick, Limburger and Münster Cheese *one cent per pound* on car lots and *one and one-half cents per pound* on less than car lots.

It should be understood that the above are maximum commissions which may at times be in excess of reasonable commissions.

RULE 4. INTERTRADING RESTRICTED—The licensee in selling cheese shall keep it moving to the consumer in as direct a line as practicable and without unreasonable delay. The direct line of distribution of cheese is from a licensee in any of the following classes to a licensee in any succeeding class.

Class 1: Manufacturers.

Class 2: Assemblers, wholesalers and jobbers, including all licensees who receive cheese from manufacturers and grade and assemble cheese for sale, or who distribute it in any way except at retail, and all manufacturers who perform the services customarily performed by an assembler, wholesaler or jobber.

Class 3: Retailers, hotels, restaurants and institutions.

NOTE.—Any transactions that savor of dealing in which a profit accrues to the dealer without corresponding service are clear violations of the rule and will subject the offender to revocation of his license and to such other penalty as the law provides.

The following kinds of sales between dealers will be considered justifiable, but sales other than those described between dealers in the same class will be considered as *prima facie* evidence of violation of the rule.

(a) A sale by any dealer in cheese to a dealer in any succeeding class will be considered as in the direct line of distribution.

(b) One sale and only one sale of the same cheese between dealers in Class 2 in the same city will be considered justifiable when necessary to supply the reasonable requirements of the buyer's business, without the special consent of the local Federal Food Administrator; provided, however, that a second sale of the same cheese between dealers in Class 2 in the same city will be permitted without the consent of the local Federal Food Administrator if this sale is made at an advance over costs of not more than one half of the margin indicated above, and provided that the seller notifies the buyer that this is a second sale.

(c) In addition to such sales as are otherwise indicated as justifiable, sales between dealers in Class 2 in different cities will be considered justifiable, provided, that an actual delivery of the cheese follows the sale, and that the shipment is for the purpose of obtaining supplies from primary markets for the reasonable requirements of the purchaser's business; provided, further, that not more than three such sales are made of any lot of cheese without special permission.

(d) Any sale between dealers without any advance over cost will be considered as justifiable in addition to such other sales as are permitted.

RULE 5. THE LICENSEE MAKING A SECOND SALE IN THE SAME CLASS TO NOTIFY BUYER—The licensee in Class 2, as defined in Rule 4, who purchases cheese from another assembler or dealer in such class or from a manufacturer performing the services of an assembler or dealer and who sells to another dealer in Class 2, shall notify such dealer of the prior sale and of all other prior sales of such cheese within that class of which he has knowledge.

NOTE.—This information should be disclosed at the time of the transaction and should be placed by the seller upon the invoice in order that there shall be a permanent record.

When Rules Were Effective; Carload Shipments.

The foregoing regulations were promulgated August 2, 1918, and supersede all other special regulations governing manufacturers, dealers, brokers, and commission merchants in cheese. All licensees are also subject to the general rules and regulations, and also to the rule that all carload shipments of the commodities should be made in carload lots of not less than 30,000 pounds, unless a different minimum is authorized by special written permission of the United States Food Administration, provided, however, that when cars of lower carrying capacity are used that the minimum load which the car will carry may be used without special permission.

BUYING OF UNGRADED CHEESE

The foregoing provisions, it will be noted, discourage the buying of ungraded cheese. Under these regulations a dealer who buys ungraded cheese can sell no part of the lot at a higher price than the price paid per pound for the entire lot, plus certain specified margins. This, therefore, makes the buying of cheese before it is matured sufficiently to indicate the quality, a risky proposition.

Illustrative Cases: Where American cheese, for example, is held on a warehouse for more than thirty (30) days, is the additional margin permitted in the foregoing rules, of not to exceed one-eighth (1/8) cent per pound per month for every month, provided in no case that it shall not exceed one cent per pound, an additional margin to the maximum margin allowed and specified?

Answer: The margin for storage allowed is in addition to the maximum margins of profit permitted on sales of cheese.

Can a dealer in cheese quote a price on the cheese before he purchases the same?

Answer: The regulations prescribe a reasonable advance over the cost of the particular cheese sold. He cannot, under this rule, sell in advance cheese which he has not purchased or contracted to purchase.

How long may a dealer carry cheese in cold storage?

Answer: Section 6 of the Food Control Law defines hoarding as carrying in storage a quantity of product in excess of the reasonable requirements for use or consumption by the storer. A dealer in cheese, therefore, would not be permitted to carry a quanity of cheese in excess of that amount necessary to meet his reasonable requirements during the period of scant or no production, without, however, the written consent of the United States Food Administration. Therefore, cheese that was made during the last production season should be marketed before the next production season. It has been held heretofore, however, by the Food Adminis-

tration, that cheese was somewhat different from other perishables in that, in the majority of cases, there is no detrimental effect in holding cheese for a reasonable length of time in cold storage. However, it is, of course, necessary that all holders of cheese, if held beyond the period of scant or no production, should first apply to the Federal Food Administration for permission to carry cheese beyond that period.

Special Rules and Regulations Governing the Following:

1. Wholesalers, retailers and all other dealers in cold storage eggs.
2. Wholesalers, retailers, and all other dealers in frozen poultry.
3. Manufacturers, dealers, brokers and commission merchants in butter.
4. Wholesalers, retailers and all other dealers in fresh poultry and eggs.

NOTE.—*Commission Merchants*: We pointed out in connection with our discussion of the importance of distinguishing between consignments to a Buyer and to a Factor in reference to the special regulations governing dealers, etc., in nonperishable commodities. We refer you to these statements, which are equally applicable to the special regulations above referred to. There seems to be much confusion in the trade as to the proper interpretation of these transactions. In some instances, transactions are treated as being handled by wholesalers, whereas it is strictly a commission transaction. We quote below from a decision recently rendered by the Food Administration wherein it was brought out in the facts in the case that the parties had failed to distinguish between acting as a broker and buying outright. The defendants in this case first claimed they were acting as wholesalers, doing business on a net basis. They then claimed that they purchased the eggs from complainant, admitting, however, that they charged him a commission on the sale to themselves. It was held under the facts that the defendants undoubtedly intended to act as commission merchants, and that their so-called selling charge was, in fact, a commission, and that they were, in such circumstances, subject to all of the rules and regulations regulating commission merchants. The Board stated in part as follows:

"It is clear that defendants either acted as commission men or wholesalers. If they were commission men they were bound to take out a license under the New York State Law, and also a United States Food Administration license. If they were wholesalers, they must have bought the eggs from complainant and were bound to pay him the market price for them. The practice of selling eggs and poultry by the method of "net sales" seems to be not uncommon in the New York market. It grew up from competitive eagerness to get business, and at first was accompanied by a guarantee by the commission man that the goods would bring a fixed price at least. If the commission man guessed wrong he paid the difference to the shipper between the guaranteed price and the market price, usually out of his commission, unless the market went off very badly, when the loss might be larger than the commissions. In other words, to attract shipments he gambled on the market. The shipper was satisfied, as he gave him a certainty for an uncertainty. Of late the feature of a guaranteed price has been abandoned and the commission man has charged for his services, deducting the amount from the sale price, and remitting the balance or "net sale" to the shipper. This practice enabled the commission man to make sales without complying with the New York State law requiring commission

men to take out licenses and give a bond. Aside from the question of evasion of the New York State law, there is nothing objectionable in the practice, providing the shipper agrees to it, and a return is made to him of the true market price, the price received, and the amount charged for services, which must be reasonable.

"The testimony brought out in this case, however, shows the several avenues for fraud through which the practice might lead. The commission man might buy in on his own account, if the market rose, and refuse to do so if it fell; he might not be active to obtain the best market price, and he might fix arbitrarily the charge for his services, without the knowledge on the part of the shipper of the amount of the charge. The temptation to do all or some of these things is too great to make the practice a good one.

"This case has given the United States Food Administration the opportunity of correcting a trade abuse which was far more important than the smaller question of the penalty to be inflicted upon defendants. They were not fair to their shipper, but at the same time we recognize that the method they adopted had been indulged in by others in the trade, but not necessarily with wrongful results to the shipper. For the method used we do not wish to make them an example, while others did the same. On the other hand, for failure to make proper returns to shipper they should make restitution. We think from their correspondence with the shipper that he was justified in regarding them as wholesalers, and expecting from them the market rate without commissions.

"The complainant is entitled to receive the sum of $378.45, being the difference between the prevailing market price of eggs when the same were received by defendants and the amount returned by them to the complainant, which they are directed to pay."

Under the present rules of the Food Administration, consignments of butter, poultry and eggs can be handled by consignees only as agents for the shippers or as buyers for the shipper. In the case of where they are handled as commission merchants, an account sales must be rendered to the buyer showing the price which the goods sold for, and all proper deductions, including charge for services, etc. Therefore, an accounting cannot be made until the consignment is sold, unless part or all of the goods are taken over to their own account and the price at which they are taken over allowed to the shipper. In order, of course, to take the goods over to your own account, you must have specific authority from the seller to do so. It is, therefore, important that in case you handle goods as commission merchants that you secure proper authority from the shipper to handle the transaction in the way intended. It is, therefore, suggested that the consignee secure from the shipper written authority, and the following forms are suggested for this purpose:

FORM 1. I hereby request that you handle, as *a Buyer,* all consignments of butter, poultry and eggs which I may make to you, and that you render me a memorandum of purchase and sale at the best price you are able to secure for same on the day of receipt. The price paid must be reasonable, taking into consideration all the circumstances.

FORM 2. I hereby request that you handle, as Commission Merchants, all consignments made by me to you. That you make proper accounting therefor in accordance with all law and rules and regulations in reference thereto. I further hereby authorize you to take to your own account any part of any consignments made to you at their current market value, less commission.

FORM 3. I hereby request you to handle consignments made by me to you without proper agreement as to price, as a buyer, upon such relation to current marke tquotations as may, from time to time, be agreed upon.

Commission merchants, brokers, or auctioneers in *butter, poultry* and *eggs* are subject to the following special regulations,

as well as to special regulations relating to their particular business, and also the general regulations.

Charges.

RULE 1. The licensee shall not charge directly or indirectly a commission or brokerage on the sale of food commodities in excess of that which ordinarily and customarily prevails, under normal conditions in the locality in which the broker's, commission merchant or auctioneer's business is conducted, and in the particular branch of trade in question.

Accounting.

RULE 2. The licensee shall remit promptly following the sale of food commodities received on consignment for sale or distribution, and shall render to the consignor an account showing the true sales and with charges only for services actually performed and expenses actually incurred by the licensee.

NOTE.— . . . A commission merchant cannot divide his commission with the buyer unless he shows such on the account sales rendered to the consignor.

Commissions.

RULE 3. The licensee shall not charge or receive for himself, on the sale of any food commodities, both a commission or brokerage and an overage or profit except as provided in Rule 4 following.

Account Sales Must Disclose Facts.

RULE 4. The licensee shall not directly or indirectly sell consigned food commodities, or food commodities with the sale of which on commission he is entrusted, to himself or to anyone connected with his business, unless he notes the facts of such transaction on the account of sales.

Consignments on a "Net Return Basis".

A dealer in handling poultry, butter or eggs on a "net return basis" must render an account sales which must include the actual selling price and the sum deducted for compensation by the dealer. If the dealer buys for his own account, he must state that fact on his account sales. Rendering an account sales which includes only the "net return" is a violation of Special Rule 2 supra.

The use of the expression "net return basis" by a dealer to describe transactions in which he does not act as the shipper's agent, but takes to his own account goods which are shipped to him, is deceptive. In such cases the consignor and the consignee

must have a clear agreement prior to the transaction, that the goods are to be purchased by the consignee, and the use of the term "net return basis" in connection therewith will be considered an unfair practice.

NOTE.—Guaranty of sales at definite prices.

Where a commission merchant receives a consignment of poultry or eggs and guarantees to the consignor a definite selling price, he must show on the account sales the actual price at which the goods are sold, together with services actually performed and expenses actually incurred, and as a separate item must show any sum paid to the consignor by reason of the commission merchant's contract of guaranty. Failure to do this will be considered a violation of Special Rule 2, supra, governing commission merchants and also a misstatement of the price at which commodities are being sold in violation of General Rule 19.

Illustrative Case: Suppose a merchant buys on account without any previous agreement as to price. Is he in such case an agent for the shipper?

Answer: It is our opinion that a merchant who buys on account without any previous agreement as to price is acting for the shipper as much as if he sold to a third party. In either case, an account sales containing the proper information for the shipper should be given. See rules above relating to commission merchants.

Marking Products Held in Cold Storage for Thirty Days or Longer.

NOTE.—The following rules originally contained in General Rules are applicable to sales of *Poultry, Butter and Eggs.*

RULE 24. No licensee shall sell or offer for sale fresh meat, fresh meat products, fresh or frozen fish, poultry, eggs or butter which have been held for a period of thirty days or over in a cold storage warehouse unless such commodities are plainly marked, stamped or tagged, either upon the container wherein packed, or upon the article of food itself with the words "Cold Storage." The licensee shall keep such mark, stamp or tag in plain view, and shall not represent or advertise as fresh any such commodities; and if he is a retailer, shall display a placard plainly and conspicuously marked "Cold Storage Goods" on the bulk mass or articles of food. Any invoice or bill rendered for such goods shall clearly describe the commodities, using the words "Cold Storage Goods."

RULE 25. No licensee shall remove or erase or permit to be removed or erased any mark, stamp or tag bearing the words "Cold Storage" or other words required by these Rules and Regulations to be placed on any food commodities or upon the containers wherein they are packed. When any food commodities are transferred from a container bearing the words "Cold Storage," or such food commodities are divided into smaller lots or units, the words "Cold Storage" shall be plainly and conspicuously marked upon the containers, cartons, packages or wrappers to which they are transferred.

Minimum Carloads—Butter, Eggs and Poultry.

During the period between June 1 and September 15, 1918, licensees are permitted to make car load shipments of dressed poultry and eggs or mixed cars of butter, eggs and poultry in car lots of not less than 20,000 pounds; 24,000 pounds is the amount specified for the remainder of the year.

Provided, that when cars of lower carrying capacity are used, the maximum load which the car will carry may be used without permission from the Food Administration.

1. Special Rules and Regulations Governing Wholesalers, Retailers, and All Other Dealers in Cold Storage Eggs.

Definitions.

In the following rules the different kinds of dealers in cold storage eggs are defined as follows:

a. An original packer or shipper is a person, firm, corporation or association that assembles and packs the eggs for market or storage.

b. A commission merchant is a person, firm, corporation or association that solicits for sale or receives for sale, and sells food products on a commission basis, or that acts as agent or representative of shippers, packers and other distributors in the marketing of food products for a fixed package charge or on a percentage basis.

c. A wholesaler is a person, firm, corporation or association other than the original packer or shipper that sells to jobbers or to suppliers of hotels and institutions.

d. A jobber is a person, firm, corporation or association that sells or distributes to retailers.

e. A supplier of hotels and institutions is a person, firm, corporation or association that sells to hotels, restaurants, clubs, dining car or steamship companies, public or private institutions, or to retail dealers requiring specially selected stock and being furnished a service similar to that rendered to hotels and institutions.

f. A retailer is a person, firm, corporation or association that sells or distributes to consumers.

Wherever in the following rules dealers in cold storage eggs are limited in the advance over cost at which such eggs may be sold, "cost" shall be construed to include the purchase price, or in the case of the original packer or shipper the cost into storage, plus storage charges, interest on the goods in storage, and insurance on goods in storage incurred by the seller up to the time of sale, but not to include any other expenses, except as hereinafter provided in the case of candled eggs.

Averaging: In determining cost in compliance with the Special Regulations Governing Wholesalers, Retailers and All Other Dealers in Cold Storage Eggs, licensees may average the cost of all lots of cold storage eggs of the same grade which were originally stored in the same month and which have not already been contracted to be sold, and may take such average cost as the cost of any particular lot. The licensee must keep a record of the manner in which such average has been arrived at and shall take as the cost of all stock remaining on hand from lots already averaged, the average cost previously arrived at. If the cost of any cold storage eggs is averaged the cost of all cold storage eggs must be averaged.

The maximum advances over cost specified in the following rules are not to be regarded as normal or so recognized by the Food Administration. They are intended only to prevent speculation, and are purposely made wide to cover cases where the methods of doing business are more expensive, to the extent that such methods are justified. These maximum advances must not be exceeded in selling any specified lot of eggs and the average advance over cost charged by any dealer must not be more than sufficient to return to him a reasonable profit on his investment in accordance with General Rule 5, which is as follows: "The licensee shall not import, manufacture, store, distribute, sell or otherwise handle any food commodities on an unjust, exorbitant, unreasonable, discriminatory or unfair commission, profit or storage charge."

Illustrative Case: Is a jobber permitted under the definition of Cost supra to add to his permitted margin of profit, storage charges, interest and insurance?

Answer: Under a strict interpretation of the definition he is not permitted to add these items. The rule it is noted is stated in the disjunctive. Cost to all dealers except original storers or shipper includes only purchase price. The original storer or shipper is permitted to add these items.

Buyer Cannot Add to Maximum Advance.

Where a dealer in the sale of cold storage eggs adds less than the maximum advance over cost permitted by the rules, the buyer is not because of this fact permitted to add to the maximum advance over cost allowed to him any part of the maximum advance allowed to the seller which the seller did not add.

Rules and Regulations.

RULE 1. No licensee shall knowingly purchase cold storage eggs from a dealer who sells at a greater advance over cost than the maximum specified in the following rules.

Maximum Per Cent of Profit Allowed Original Packer or Shipper.

RULE 2. The original packer or shipper, storing in a cold storage warehouse shall not sell cold storage eggs to wholesalers at an advance of more than 6 per cent over cost. In case cold storage eggs are stored in the name of a commission merchant, the original storer shall be deemed to be the consignor for whom the commission merchant acts as agent. An additional advance not exceeding 4 per cent of cost may be charged by the original packer or shipper in selling to jobbers or suppliers of hotels and institutions. An additional advance may be charged in selling to retailers, not exceeding 5 per cent of cost if sold at mark (i. e., in original packages), and not exceeding 10 per cent of cost in selling candled eggs (cost in figuring this 10 per cent to be calculated as prescribed in Rule 5). An additional advance not exceeding 12 per cent of cost may be charged if the original packer performs the functions of a supplier of hotels and institutions, as heretofore defined.

NOTE.—Who is the original storer?

The dealer who owns eggs when first placed in a cold storage warehouse is the original storer.

If a dealer buys eggs within thirty (30) days from the date of original storage from the dealer who owned the eggs when first placed in storage, the maximum advance over cost allowed to the buyer in selling as a wholesaler, jobber, etc., may be increased by all or any part of six per cent over the first storer's cost not added by the first storer. The first storer who sells within thirty (30) days must inform the buyer what portion of six per cent over his cost he has added.

If before eggs are placed in a cold storage warehouse, a definite lot thereof is sold, and if title to this lot actually passes to the purchaser and thereafter the eggs are put in the warehouse, the purchaser is the original storer even though the eggs are carried and insured in the seller's name.

In similar cases the dealer who purchases before storage begins will not be prevented from becoming the original storer by the fact that the seller retains legal title, provided title is retained merely as security for the payment of the purchase price.

NOTE.—Maximum margins governing original packers and wholesalers.

Some misunderstanding has arisen with regard to the question of maximum margins governing original shippers and packers of cold storage eggs and wholesalers who are original storers of cold storage eggs. The rules have been amended in order to make the matter more clear.

Where the original packer or shipper sells to a wholesaler he must not sell at an advance of more than 6 per cent over cost. If the original packer sells to a jobber or to a supplier of hotels or institutions he must not sell at more than 6 per cent over cost plus 4 per cent over cost.

A wholesaler who is an original storer in making a justifiable sale to another wholesaler must not sell at more than 6 per cent over cost and must not sell to a jobber or to a supplier of hotels and institutions at an advance of more than 6 per cent over cost plus 4 per cent over cost.

The purpose of the regulations is to provide that the cold storage eggs shall reach the jobber at an advance of not more than 10 per cent over the original storer's cost. Specific limitations are made in the case of sales between dealers in the same class. The attention of the licensee is directed

to the requirement that both buyer and shipper disclose and note on the invoice the capacity in which they are dealing in order that it may be clear to both parties just how the special regulations apply to the transactions.

Services Performed. In determining whether the transaction involved is a sale by a wholesaler, jobber or supplier of institutions it is necessary to take into consideration all the facts. The criterion is the nature of the services performed. For example, sales in smaller quantities than usually and customarily made in wholesale trade will be a jobbing transaction, assuming the party held himself out as a jobber and regularly conducted such business.

Maximum Commission to Commission Merchant.

RULE 3. A commission merchant shall not receive a commission of more than 4 per cent on cold storage eggs consigned to him by shippers or packers. If a commission merchant acts as an agent for dealers other than shippers or packers for the distribution of surplus stocks the selling price shall not exceed the maximum advance over cost to the consignor permitted to such consignor by the following rules, which advance shall include the commission for such sale. A commission merchant who takes to account consigned cold storage eggs shall not receive any other profit beyond the amount of the commission before specified.

A commission merchant shall require from consignors a statement of cost of goods and maximum selling price allowable under these rules.

Wholesaler, Maximum Profit.

RULE 4. A wholesaler shall not sell cold storage eggs at an advance of more than 4 per cent over cost. If a wholesaler aso sells as a jobber, he shall not sell at an advance of more than 10 per cent over cost as provided for jobbers in Rules 5 and 6. The above maximum advance may be increased by not to exceed the 6 per cent of cost specified in Rule 2, in cases where the wholesaler is also the original storer in a cold storage warehouse.

NOTE.—If a dealer who is licensed to do business both as a wholesaler and a jobber purchases eggs from an original packer or shipper and resells to another wholesaler he will be considered a wholesaler in so far as the rules restricting resales in the same trade are concerned.

Jobber, Maximum Profit.

RULE 5. A jobber shall not sell cold storage eggs at mark (i. e., in original package) at an advance of more than 5 per cent over cost.

In selling candled eggs as provided in Rules 6, 7 and 8, the actual net candling loss may be included in the cost but the expense of labor and materials in candling and all repacking expenses shall not be so included.

RULE 6. A jobber shall not sell candled eggs at an advance of more than 10 per cent over cost. The maximum advance pre-

scribed in Rules 5 and 6 may be increased by not to exceed the 6 per cent of cost specified in Rule 2, in cases where the jobber is also the original storer in a cold storage warehouse.

Supplier of Hotels and Institutions.

RULE 7. A supplier of hotels and institutions shall not sell candled and selected eggs at more than 12 per cent over cost. This maximum advance may be increased by not to exceed the 6 per cent of cost specified in Rule 2, in cases where the supplier of hotels and institutions is also the original storer in a cold storage warehouse.

Retailer.

RULE 8. A retailer who is a licensee shall not sell candled and selected eggs at an advance of more than 15 per cent over cost. This maximum advance may be increased by not to exceed the 6 per cent of cost specified in Rule 2, in cases where the retailer is also the original storer in a cold storage warehouse.

Direct Line of Distribution.

RULE 9. A sale by any dealer in cold storage eggs in any of the classes indicated below to a dealer in any succeeding class shall be considered to be in the direct line of distribution:

Class 1. Original packers and shippers.
Class 2. Commission merchants—wholesalers.
Class 3. Jobbers—suppliers of hotels and institutions.
Class 4. Retailers—hotels and institutions.

Resales.

RULE 10. All trading in cold storage eggs shall serve to move the cold storage eggs in the direct line of distribution to the conumer, and nothing contained in this or the preceding rule shall authorize any licensee to use any more indirect method of distribution than he has been accustomed to use in the past in the distribution of eggs. One sale of any lot of cold storage eggs between dealers in the same class may be made where necessary to supply the reasonable requirements of the buyer's business, provided a report is made promptly to the local Federal Food Administrator. Such sales shall be made at an advance of not more than 4 per cent over cost except when sold by the original storer who shall sell at not more than 6 per cent over cost. If sold by a commission merchant to a wholesaler the commission shall not exceed 4 per cent.

Except for such sales no licensee shall sell to another in the same or any preceding cass of distribution without the written consent of the local Federal Food Administrator, which will be

given only in extraordinary circumstances. Where such consent is given the dealer shall not sell at an advance of more than 10 cents per case over cost, nor in the case of a commission merchant selling to a wholesaler shall the commission amount to more than 10 cents per case. *Provided, however,* that nothing in this rule shall prevent sales at cost. *Provided, further,* that nothing in this rule shall prevent sales for immediate delivery from one city to another for actual distribution to relieve exceptional local shortage, but a report of any such sale must be promptly made to the local Federal Food Administrator, with the reasons therefor. Such sales shall be made at a price not to exceed 4 per cent over cost, or if sold by a commission merchant to a wholesaler the commission shall not exceed 4 per cent; and *provided, further,* that nothing in the rule shall prevent a commission merchant from acting as an agent for dealers other than original shippers and packers, as provided in Rule 3.

NOTE.—*Intertrading.* When a wholesaler buys fresh eggs from another wholesaler and places these eggs in cold storage the buyer then becomes subject to the rules regarding intertrading in cold storage eggs, and unless the eggs are sold and removed from storage within thirty days (in which case they are considered as fresh eggs) the prior resale in the same trade of the fresh eggs will not be considered as affecting the question whether a resale of the cold storage eggs is allowable.

Under the rules restricting intertrading between dealers of the same class, the buyer will not be considered responsible for taking part in a transaction which would have been permissible under the rules except for prior resales of which he had no knowledge. However, the buyer must not close his eyes to facts which are clearly apparent.

RULE 11. If brokers act as agents in any sale of cold storage eggs under these rules brokerage paid shall not be added to the selling price of the goods.

NOTE TO RULES 1 TO 11.—Licensees should remember that General Rule 13, governing all licensees, provides that the licensee may store eggs "in sufficient quantities to fill his reasonable requirements throughout the period of scant or no production," and that under this rule eggs must in no case be kept in storage beyond March 1st.

Licensees engaged in business as cold storage warehousemen will be required to provide necessary information. Dealers will be required to make special monthly storage reports giving the necessary data covering transactions in cold storage eggs in accordance with the foregoing rules.

The foregoing rules and regulations were originally promulgated on the 2nd day of March, 1918, and amended in their present form July 26, 1918. The licensees are also subject to general license regulations.

Dealers in Frozen, Desiccated and Powdered Eggs Suitable for Human Consumption.

The carrying in storage of frozen, desiccated or powdered eggs suitable for human consumption, which were stored on or before

September 1, 1917, for more than twelve months from the date of such storing constitutes a violation of Section 6 of the Food Control Act, which prohibits hoarding. However, in order to provide for an equitable distribution of such eggs to the consumer, the Food Administration is informing all dealers that no action will be recommended by the Food Administration provided these eggs are withdrawn from storage as promptly as possible under trade conditions; provided, further, that special reports are made to the United States Food Administration each month beginning September 1, 1918, showing the quantity withdrawn and sold the preceding month, together with the name and address of the buyer; and, provided further, that all such eggs are withdrawn from storage by January 1, 1919.

Special reports are to be forwarded to Food Administration, Washington, D. C., September 1, October 1, November 1, December 1, 1918, and December 31, 1918.

2. Special Rules and Regulations Governing Wholesalers, Retailers, and All Other Dealers in Frozen Poultry.

Definitions.

In the following rules the different kinds of dealers in frozen poultry are defined as follows:

a. An original packer or shipper is a person, firm, corporation or association that assembles and packs the poultry for market or storage.

b. A commission merchant is a person, firm, corporation or association that solicits for sale or receives for sale, and sells food products on a commission basis, or that acts as agent or representative of shippers, packers and other distributors in the marketing of food products for a fixed package charge or on a percentage basis.

c. A wholesaler is a person, firm, corporation or association other than the original packer or shipper that sells to jobbers or to suppliers of hotels and institutions.

d. A jobber is a person, firm, corporation or association that sells or distributes to retailers.

e. A supplier of hotels and institutions is a person, firm, corporation or association that sells to hotels, restaurants, clubs, dining car or steamship companies, public or private institutions, or to retail dealers requiring specially selected stock and being furnished a service similar to that rendered to hotels and institutions.

f. A retailer is a person, firm, corporation or association that sells or distributes to consumers.

Wherever in the following rules dealers in frozen poultry are limited in the advance over cost at which such poultry may be

sold, "cost" shall be construed to include the purchase price, or in the case of the original packer or shipper the cost into storage, plus storage charges, interest on the goods in storage, and insurance on goods in storage incurred by the seller up to the time of sale, but not to include ony other expenses.

Averaging.

In determining cost in compliance with the Special Regulations Governing Wholesalers, Retailers and All Other Dealers in Frozen Poultry, licensees may average the cost of all lots of frozen poultry of the same kind and grade which have not already been contracted to be sold, and may take such average cost as the cost of any particular lot of that kind and grade. The licensee must keep a record of the manner in which such average has been arrived at and shall take as the cost of all stock remaining on hand from lots already averaged, the average cost previously arrived at. If the cost of any frozen poultry is averaged the cost of all frozen poultry must be averaged.

Maximum Margins Are Not to Be Regarded as Normal.

The maximum advances over cost specified in the following rules are not to be regarded as normal or so recognized by the Food Administration. They are intended only to prevent speculation and are purposely made wide to cover cases where the methods of doing business are more expensive, to the extent that such methods are justified. These maximum advances must not be exceeded in selling any specified lot of poultry, and the average advance over cost charged by any dealer must not be more than sufficient to return to him a reasonable profit on his investment in accordance with General Rule 5, which is as follows: "The licensee shall not import, manufacture, store, distribute, sell, or otherwise handle any food commodities on an unjust, exorbitant, unreasonable, discriminatory or unfair commission, profit or storage charge."

Rules and Regulations.

RULE 1. No licensee shall knowingly purchase frozen poultry from a dealer who sells at a greater advance over cost than the maximum specified in the following rules.

Original Packer or Shipper, Maximum Margin Profit.

RULE 2. The original packer or shipper, storing in a cold storage warehouse, shall not sell frozen poultry to wholesalers at an advance of more than 6 per cent over cost. In case frozen poultry is stored in the name of a commission merchant, the original storer shall be deemed to be the consignor for whom the commission merchant acts as agent. An additional advance not exceeding 5 per cent of cost may be charged by the original

packer or shipper in selling to jobbers or suppliers of hotels and institutions. An additional advance not exceeding 10 per cent of cost may be charged in selling to retailers, or an additional advance not exceeding 15 per cent of cost may be charged if the packer performs the functions of a supplier of hotels and institutions, as heretofore defined.

Commission Merchants, Profit Allowed.

RULE 3. A commission merchant shall not receive a commission of more than 5 per cent on frozen poultry consigned to him by shippers or packers. If a commission merchant acts as an agent for dealers other than shippers or packers for the distribution of surplus stocks the selling price shall not exceed the maximum advance over cost to the consignor permitted to such consignor by the following rules, which advance shall include the commission for such sale. A commission merchant who takes to account consigned frozen poultry shall not receive any other profit beyond the amount of the commission before specified.

A commission merchant shall require from consignors a statement of cost of goods and maximum selling price allowable under these rules.

Wholesaler, Maximum Margin of Profit Allowed.

RULE 4. A wholesaler shall not sell frozen poultry at an advance of more than 5 per cent over cost. If a wholesaler also sells as a jobber, he shall not sell at an advance of more than 10 per cent over cost as provided for jobbers in Rule 5. The above maximum advance may be increased by not to exceed the 6 per cent of cost specified in Rule 2, in cases where the wholesaler is also the original storer in a cold storage warehouse.

Jobber, Profit Allowed.

RULE 5. A jobber shall not sell frozen poultry at an advance of more than 10 per cent over cost. The above maximum advance may be increased by not to exceed the 6 per cent of cost specified in Rule 2, in cases where the jobber is also the original storer in a cold storage warehouse.

Supplier of Hotels and Institutions, Margin of Profit.

RULE 6. A supplier of hotels and institutions shall not sell frozen poultry at an advance of more than 15 per cent over cost. The above maximum advance may be increased by not to exceed the 6 per cent of cost specified in Rule 2, in cases where the supplier of hotels and institutions is also the original storer in a cold storage warehouse.

Direct Line of Distribution.

RULE 7. A sale by any dealer in frozen poultry in any of the

classes indicated below to a dealer in any succeeding class shall be considered to be in the direct line of distribution:

Class 1. Original packers and shippers.
Class 2. Commission merchants—wholesalers.
Class 3. Jobbers—suppliers of hotels and institutions.
Class 4. Retailers—hotels and institutions.

Resales.

RULE 8. All trading in frozen poultry shall serve to move the frozen poultry in the direct line of distribution to the consumer, and nothing contained in this or the preceding rule shall authorize any licensee to use any more indirect method of distribution of frozen poultry. One sale of any lot of frozen poultry between dealers in the same class may be made where necessary to supply the reasonable requirements of the buyer's business, provided a report is made promptly to the local Federal Food Administrator. Such sales shall be made at an advance of not more than 5 per cent over cost except when sold by the original storer who shall sell at not more than 6 per cent over cost. If sold by a commission merchant to a wholesaler the commission shall not exceed 5 per cent.

Except for such sales no licensee shall sell to another in the same or any preceding class of distribution without the written consent of the local Federal Food Administrator, which will be given only in extraordinary circumstances. Where such consent is given the dealer shall not sell at an advance of more than ¼ cent per pound over cost, nor in the case of a commission merchant selling to a wholesaler shall the commission amount to more than ¼ cent per pound. *Provided, however,* that nothing in this rule shall prevent sales at cost. *Provided, further,* that nothing in this rule shall prevent sales for immediate delivery from one city to another for actual distribution to relieve exceptional local shortage, but a report of any such sale must be promptly made to the local Federal Food Administrator, with the reasons therefor; such sales shall be made at a price not to exceed 5 per cent over cost, or if sold by a commission merchant to a wholesaler the commission shall not exceed 5 per cent; and, *Provided, further,* that nothing in the rule shall prevent a commission merchant from acting as an agent for dealers other than original shippers and packers, as provided in Rule 3.

Brokerage Must Not Be Added to Selling Price.

RULE 9. If brokers act as agents in any sale of frozen poultry under these rules brokerage paid shall not be added to the selling price of the goods.

NOTE TO RULES 1 TO 9.—Licensees should remember that General Rule 13, governing all licensees, provides that the licensee may store poultry "in sufficient quantities to fill his reasonable requirements throughout the period of scant or no production," and that under this rule poultry must in no case be stored for more than twelve months from the date of the original receipt in a cold storage warehouse. After the completion of a certain portion of the storage season, to be determined in connection with each product (when the maximum stocks of each variety can be estimated), a plan may be adopted by the United States Food Administration providing for the percentage of withdrawals required per month on each variety and for each class of business for the balance of the season in order to provide for an equitable distribution.

Licensees engaged in business as cold storage warehousemen will be required to provide necessary information. Dealers will be required to make special monthly storage reports giving the necessary data covering transactions in frozen poultry in accordance with the foregoing rules.

NOTE.—*When above rules not applicable.* The special rules regulating the profits of dealers in frozen poultry above do not apply to poultry that is placed in cold storage warehouse, but which is removed from the cold storage warehouse, *for distribution for consumption*, within thirty (30) days after the date of the original entry of such poultry into the cold storage warehouse.

The foregoing special regulations are all the regulations relating to frozen poultry issued by Food Administrators up to the date of this publication. All licensees are also subject to the general regulations.

3. Special Regulations Governing Manufacturers, Dealers, Brokers, and Commission Merchants in Butter.

RULE 1. BUTTER TO BE SOLD AT REASONABLE ADVANCE OVER COST.—The licensee dealing in butter shall sell such butter without regard to the market or replacement value at the time of the sale at not more than a reasonable advance over cost to him of the particular butter sold.

Provided, That any dealer may average the cost of all cold storage butter of the same grade placed by him in a cold storage warehouse in any calendar month, and may sell such butter at not more than a reasonable advance over such average cost. When a dealer averages the cost of any butter stored in a calendar month, he must average the cost of all butter stored in that month.

Cost for the purpose of this Rule shall include:

1. Purchase price.
2. Transportation charges, if any.
3. Storage charges actually incurred on cold storage butter.
4. Insurance charges actually incurred on cold storage butter.
5. Interest on money invested at the current rate, while butter is in cold storage.
6. Actual cost of printing if the butter is put in print form from tubs or cubes.

Cost shall not include any allowances for shrinkage in weight, commissions or other expenses than those herein listed.

NOTE.—*Reports to be furnished on demand.* The licensee must be prepared to furnish to the United States Food Administration or to the Federal Food Administrator of his State upon demand a full report on costs and margins charged or on the maximum prices charged in any given period for any grade of butter or any other information which may be considered necessary for the purpose of this rule.

Maximum margins. The Food Administration will consider the sale of any grade of butter by any dealer other than a manufacturer or retailer at an advance over cost, as hereinbefore defined, of more than the following margins as prima facie evidence of a violation of the Food Control Act and the above rule:

(a) 1c per pound on car lot sales.
(b) 1½c per pound on sales less than a car lot but amounting to 7,000 pounds or more.
(c) 2c per pound on sales of less than 7,000 pounds but amounting to 3,500 pounds or more.
(d) 2½c per pound on sales of less than 3,500 pounds but amounting to 700 pounds or more.
(e) 3c per pound on sales less than 700 pounds but amounting to 100 pounds or more.
(f) 3¾c per pound on sales of less than 100 pounds.

Additional Margins for Storing.

In addition to the selling margin which normally should be considerably below the above maximum margins, and must in no case exceed such maximum margins, any dealer who carries butter in cold storage more than two full calendar months may add a margin of not more than 1c per pound and an additional ¼c per pound for each calendar month thereafter during which he carries the butter in storage. The total amount for carrying butter in cold storage so added shall not exceed 2c per pound.

The following table indicates the method by which the dealer may calculate the maximum amounts which may be added to selling margins where a dealer holds butter in storage more than two full calendar months:

Months in Which the Dealer Stores the Butter or Purchases the Butter While in Storage.

Sold in	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April
August...	1											
Sept.....	1¼	1										
Oct.....	1½	1¼	1									
Nov.....	1¾	1½	1¼	1								
Dec.....	2	1¾	1½	1¼	1							
Jan.....	2	2	1¾	1½	1¼	1						
Feb.....	2	2	2	1¾	1½	1¼	1					
March....	2	2	2	2	1¾	1½	1¼	1				
April....	2	2	2	2	2	1¾	1½	1¼	1			
May.....	2	2	2	2	2	2	1¾	1½	1¼	1		
June.....	2	2	2	2	2	2	2	1¾	1½	1¼	1	
July.....	2	2	2	2	2	2	2	2	1¾	1½	1¼	1

NOTE.—The figures indicate cents per pound.

For example, a dealer storing butter in June and selling it in October may add 1¼ cents per pound to his selling margin, which must in no case exceed the margins indicated under Rule 1.

The above maximum margins are not to be regarded as fair normal margins or as so recognized by the Food Administration. They are intended only to prevent speculation and are purposely made wide enough to cover cases where the methods of doing business are more expensive, to the extent that such methods are justified. These maximum advances must not be exceeded in selling any lot of butter and the prices charged by any dealer must not in any case be more than sufficient to return to him a reasonable profit on his investment.

Sales from branch houses. Where butter is transferred by dealer to a branch house of such dealer in the same or another city such transfer shall not be made at an advance over cost of more than ¾ cent per pound, regardless of quantity. In such case, however, when the transaction is in as direct a line of distribution as practicable the branch house may figure the transfer price as its purchase price and may sell butter at an advance over cost on such basis not greater than the maximum margins indicated above. If the branch house transfers the butter to another branch house of the same dealer the total maximum margin added by both houses shall not be greater than the maximum margin allowed to the first branch house by this rule.

Collusive sales. Any sale by a dealer to another dealer at a price higher than the price which the second dealer would have to pay in buying on the open market will be considered evidence of a collusive sale intended to defeat the purpose of Rule 1 by increasing the purchaser's cost and the price which he may charge upon a rising market.

RULE 2. MANUFACTURERS WHO PERFORM SERVICES OF WHOLESALER OR JOBBER.—Any manufacturer who acts as a wholesaler or jobber shall be subject in such action to the rules and maximum margins governing wholesalers and jobbers, provided that in figuring his purchase price as a wholesaler or jobber he shall—

1. Compute the cost of raw materials and the expense of manufacture, or

2. In the case of cold storage butter consider as his cost the market quotation on the kind and grade of butter placed in cold storage as quoted in a well recognized daily commercial price current in the city where and on the day when the goods are placed in storage. In case there is no well recognized daily price current in the city where the goods are stored then he may use the quotation given in a daily commercial price current in the large market nearest the place of storage. From this must be deducted the amount by which the freight from the point of manufacture to the place of storage is less than the freight from the place of manufacture to such large market. In case the freight from the place of manufacture to the place of storage exceeds the freight from the place of manufacture to such large market, the excess may be added to the market quotation.

RULE 3. COMMISSIONS LIMITED.—No licensee shall pay and no commission merchant shall receive a commission on butter of more than the following: The licensee shall inform any com-

mission merchant selling butter for him of the maximum permitted price at which such butter may be sold.

A. Fresh Butter.

1. Car lot sales..... ¾c per lb.
2. Sales of less than car lots, but amounting to 7,000 lbs. or more.....1¼c per lb.
3. Sales of less than 7,000 lbs.....1½c per lb.

B. Cold Storage Butter.

1. Car lot sales..... ¾c per lb.
2. Sales of less than car lots..... 1c per lb.

NOTE.—Under Rule 1 the selling price may not be increased by reason of the payment of a commission.

Justifiable Resales.

The attention of all licensees is called to the provisions of General Rule 6:

> "General Rule 6.—The licensee, in selling food commodities, shall keep such commodities moving to the consumer in as direct a line as practicable and without unreasonable delay. Resales within the same trade without reasonable justification, especially if tending to result in a higher market price to the retailer or consumer, will be dealt with as an unfair practice."

For the purposes of this Rule and Special Rule 4 following, all persons licensed to manufacture or deal in butter shall be divided into three classes:

Class 1. Manufacturers.
Class 2. Wholesalers and jobbers. These include all persons, firms, corporations and associations who distribute butter in any way except at retail and all manufacturers who perform services customarily performed by wholesalers and jobbers.
Class 3. Retailers, hotels, restaurants and institutions.

Any transactions that savor of dealing in which a profit accrues to the dealer without corresponding service, are clear violations of the rule and will subject the offender to revocation of his license and to such other penalty as the law provides.

The following types of sales between dealers will be considered justifiable, but sales other than those described between dealers in the same class will be considered as *prima facie* evidence of violation of General Rule 6:

A—A sale by any dealer in butter to a dealer in any succeeding class will be considered as in the direct line of distribution.

B—One sale and only one sale of the same goods between dealers in Class 2 in the same city will be considered justifiable when necessary to supply the reasonable requirements of the buyer's business, without the special consent of the local Federal Food Administrator, *provided, however,* that a second sale of the same goods between dealers in Class 2 in the same city will be permitted without the consent of the local Federal Food Administrator if this sale is made at any advance over cost of not more than one-half of the margins indicated above; and, *provided,* that the seller notifies the buyer that this is a second sale.

C—In addition to such resales as are otherwise indicated as justifiable, sales between dealers in Class 2 in different cities will be considered justifiable, *Provided,* That an actual delivery of the butter follows the sale, and that the shipment is for the purpose of obtaining supplies from primary markets for reasonable requirements of the purchaser's business; *Provided, further,* That not more than three such sales of any lot of butter between dealers in Class 2 shall be made without special permission; and the third sale shall be made at an advance over cost of not more than one-half of the above margins.

D—Any resale between dealers without any advance over cost will be considered as justifiable in addition to such other resales as are permitted.

RULE 4. THE LICENSEE MAKING SECOND SALE IN SAME CLASS TO NOTIFY BUYER.—The licensee in Class 2 as defined above, who purchases butter from another wholesaler or jobber in such Class or from a manufacturer performing the services of a wholesaler or jobber and who resells to another dealer in Class 2, shall notify such dealer of the prior sales of such butter within that Class of which he has knowledge.

NOTE.—The above regulations, effective July 19, 1918, supersede the Special Regulations Governing Manufacturers, Dealers, Brokers and Commission Merchants in Cold Storage Butter, effective June 19, 1918, as amended. It is to be noted that the present regulations cover both fresh and cold storage butter. These rules do not cover packing stock butter. When packing stock butter has been converted into process butter the regulations apply to said process or renovated butter.

Manufacturers. The rules apply to manufacturers only when they perform the services of wholesaler or jobber.

Shrinkage. The dealer in computing cost cannot take into consideration shrinkage in weight of butter.

4. Wholesalers, Retailers and All Other Dealers in Fresh Poultry and Fresh Eggs.

A. Fresh Poultry.

Feeding Poultry in Transit; Kind of Feed.

All live poultry shipped to market in live poultry cars, or in coops in cars by freight, or by express in car lots, shall be fed or caused to be fed by the licensee at least twice each day with poultry feed until killed. Such poultry feed shall consist of cereals, either ground or whole, meat scraps, bone meal, dried or evaporated sweet milk or buttermilk, to be thinned by adding water or liquid sweet milk or buttermilk; *provided, however,* that such feed shall not contain any wheat fit for human consumption, and that in no event shall the amount of wheat in such feed exceed 10 per cent thereof. The use of any ingredients except those enumerated in such poultry feed, is prohibited.

Sale of Live and Dressed Poultry.

The licensee shall not sell or offer for sale any live poultry which contains more than one ounce of feed for each two pounds of live poultry.

The licensee shall not sell or offer for sale any dressed poultry which contains more than one-fifth of an ounce of feed to each two pounds, dressed weight, of such poultry.

Resales of Fresh Poultry Prohibited, when:

Under General Rule 6, governing all licensees, which prohibits resales within the same trade without reasonable justification, especially if tending to result in a higher market price, it is ruled as follows:

The United States Food Administration recognizes the following classes of dealers in fresh poultry:

(1) Original packers and shippers.
(2) Commission merchants and wholesalers.
(3) Jobbers and suppliers of hotels and institutions.
(4) Retailers.

All trading in fresh poultry must contribute toward moving the poultry in a direct line to the consumer. Sales between dealers in any one of the classes mentioned above are prohibited, except as follows: Sales between *wholesalers* in different cities will for the present be permitted where necessary to supply the reasonable requirements of the buyer's business, provided there is an actual shipment of the goods, and provided the movement between cities is in the direction of normal crop movement from

producer to consumer. In addition thereto, not more than two sales between dealers in Class 2 may be made without obtaining the consent of the local Federal Food Administrator if such sales are necessary to supply the reasonable requirements of the buyer's business, but more than two sales between dealers in Class 2 shall not be made without the written consent of the local Federal Food Administrator. One sale, and only one, between dealers in the same class other than Class 2 may be made without obtaining the consent of the local Federal Food Administrator if such sale is necessary to supply the reasonable requirements of the buyer's business, but more than one such sale shall not be made without the written consent of the local Federal Food Administrator.

In no case shall a dealer sell fresh poultry to any dealer in a class further removed from the consumer than the class in which the seller is included; for example, a jobber shall not sell to a wholesaler, or a retailer to a wholesaler.

Any licensee ignoring the above ruling may expect to have his license suspended or revoked without delay.

B. Fresh Eggs.

Resales of Fresh Eggs, Prohibited, When.

Under General Rule 6, governing all licensees, which prohibits resales within the same trade without reasonable justification, especially if tending to result in a higher market price, it is ruled as follows:

The United States Food Administration recognizes the following classes of dealers in fresh eggs:

(1) Original packers and shippers.
(2) Commission merchants and wholesalers.
(3) Jobbers and suppliers of hotels and institutions.
(4) Retailers.

All trading in fresh eggs must contribute toward moving the eggs in a direct line to the consumer. Sales between dealers in any one of the classes mentioned above are prohibited except as follows: Sales between *wholesalers* in different cities will for the present be permitted where necessary to supply the reasonable requirements of the buyer's business, provided there is an actual shipment of the goods, and provided the movement between cities is in the direction of normal crop movement from producer to consumer. In addition thereto not more than two sales of any lot of fresh eggs between dealers in Class 2 may be made without obtaining the consent of the local Federal Food Administrator if such sales are necessary to supply the reasonable requirements of the buyer's business, but more than two sales between dealers

in Class 2 shall not be made without the written consent of the local Federal Food Administrator. One sale, and only one, between dealers in the same class other than Class 2, may be made without obtaining the consent of the local Federal Food Administrator if such sale is necessary to supply the reasonable requirements of the buyer's business, but more than one such sale shall not be made without the written consent of the local Federal Food Administrator.

In no case shall a dealer sell fresh eggs to any dealer in a class further removed from the consumer than the class in which the seller is included; for example, a jobber shall not sell to a wholesaler, or a retailer to a wholesaler.

Any licensee ignoring the above ruling may expect to have his license suspended or revoked without delay.

Country Retail Merchant.

NOTE.—A retail merchant in the country who buys eggs from a farmer or takes eggs in trade is not considered a retailer of eggs. He occupies the position more like that of an original packer or shipper and may sell to anyone he pleases.

NOTE.—*Duty of licensee to ascertain class in which seller and buyer are dealing.* Licensees are expected to find out whether sales are justifiable by obtaining information as to the class in which the seller and buyer are dealing and the location and class of the dealer from whom the seller purchased. This information should be placed on all confirmations of sales of poultry and eggs.

Transactions involving no profit. It has been ruled that no objection will be made to resales of fresh eggs and poultry that are made at a price that is less than or equal to the initial cost to the seller of the particular commodities sold.

Margin of profit; averaging. The margin of profit a dealer in fresh poultry and fresh eggs may make is governed by General Rule 5, which prohibits an unreasonable profit.

There is nothing to prevent the averaging of profits on such commodities. In the case of those concerns engaged in business of slaughtering and meat packing and subject to the rules and regulations relating to profits of such business, these commodities are placed within that class which limits the annual profits to 15 per cent.

The same rules with reference to calculation of profits on perishables are applicable to fresh eggs and fresh poultry.

The principle is that the profits must not be more than reasonable, calculated on a year's business, or in the case of those perishables dealt in seasonally, calculated on a season's business.

What is a reasonable profit is, of course, a question of fact. In determining this, reference may be had to the average profits of previous years. In other words, the profits during the normal pre-war condition should largely govern in determining the reasonableness of the profit.

Dealers can average profits against losses, but profits for the year's business must be within reasonable limits.

The product should be kept moving freely into consumptive channels, consistent with equitable and even distribution over the normal season of the particular commodity, at the prevailing prices determined by an open,

unrestricted market without manipulation monopoly or by taking advantage of temporary emergencies or artificial conditions.

Waste. Section 4 of the Food Act prohibits waste. It is particularly important in the case of these perishable commodities that the licensee does not permit preventable deterioration of the commodity. Eggs should be purchased "delivered at destination," subject to candling. The candling should be promptly done upon delivery of the product. The Food Administration has furnished cards for shippers to be placed in the cases, showing that the eggs have been candled, by whom candled, date of candling, etc.

Licensees subject to General Rules. All licensees dealing in above commodities are subject to all the General Rules and Regulations.

Special Regulations for Licensees Engaged in the Business of Manufacture and Dealing in Lard Substitutes.

Special Permits May Be Issued in Special Cases.

RULE 1. Every licensee engaged in the manufacture of lard substitutes shall be subject to the following rules, *provided*, that in any special instance the United States Food Administrator may issue a special permit authorizing an exception to be made:

Hoarding—Season's Supply.

(*a*) He shall not store, keep on hand, or have in his possession or under control by contract, or other arrangement, at any time:

(1) A quantity of cotton seed oil or other edible oil, whether in crude or refined state, in excess of the reasonable requirements of his business for use or sale by him for a reasonable time, or reasonably required to furnish necessaries produced in surplus quantities seasonably throughout the period of scant or no production.

(2) Any lard substitute, other than of his own manufacture.

(*b*) He shall not carry in stock any lard substitute for a period exceeding thirty days.

Contracts for Delivery Beyond Thirty Days, Prohibited.

(*c*) He shall not make at any time any contract for the sale of lard substitutes for shipment or delivery more than thirty days after the making of such contract, *provided*, however, that this rule shall not apply to contracts with Federal, State, County or Municipal Governments, or with the government of any nation at war with Germany.

Contracts in Excess Manufacturing Capacity, Prohibited.

(*d*) He shall not make at any time any contract or contracts for the sale of lard substitutes in excess of his normal manufacturing capacity for a period of thirty days.

Sales to Certain Concerns, Prohibited.

(*e*) He shall not knowingly make any sales of lard substitutes to any firm, corporation, association or individual who is not regularly engaged in the necessary distribution or in the use or consumption of lard substitutes.

Purchase of Raw Material.

(*f*) He shall not knowingly make any purchases of the raw materials entering into the manufacture of lard substitutes from any firm, corporation, association or individual who is not regularly engaged in the necessary distribution or in the production of said commodities.

All Plants May Be Considered as One Unit to Determine Costs and Profits.

RULE 2. Licensees engaged in the manufacture and distribution of lard substitutes may consider all plants for the manufacture of lard substitutes operated by, belonging to or controlled by the licensee as one unit for the purpose of determining costs and profits.

Manufacturers Controlling Cottonseed Mills or Plants for Refining Vegetable Oil Must Credit Raw Material and Refined Oil Received Therefrom at Market Price at Time of Transfer.

RULE 3. Licensees engaged in the manufacture of lard substitutes, who own or control mills crushing cotton seed, peanuts or other oleaginous materials must credit all raw material obtained from such crushing mills at the same price at which they could purchase the same products in the open market at the time of transfer.

RULE 4. Licensees engaged in the manufacture of lard substitutes who own or control plants for the refining of vegetable oils must credit the refined oil received from said refining plants at the same price at which they could obtain the same product in the open market at the time of the transfer.

Cost of Manufacture.

RULE 5. Every licensee who owns or controls a plant for the manufacturing of lard substitutes, shall be subject to such differentials and spreads for the cost of manufacture of crude material into a finished product as may from time to time be determined and announced by the United States Food Administrator to return a fair profit to the licensee.

Manufacturer's Price; Differentials.

RULE 6. No manufacturer engaged in the manufacture of lard substitutes shall, without the written permission of the United States Food Administrator, sell or offer to sell lard substitutes

at higher prices in one market than he is selling or offering to sell the same quality or brand in any other market on the same day. The price for sales in lots of 5,000 pounds or more, tierce basis, for delivery at one time, net after deducting all discounts and allowances, shall be taken as the basis in making comparisons for the purpose of this rule. In comparing with this the selling price of lots of less than 5,000 pounds, tierce basis for delivery at one time, 1¼ cents per pound will be deducted from the price actually charged. In comparing the price of package and case goods, stated differentials will be determined by the United States Food Administrator from time to time for all manufacturers of lard substitutes.

Differentials.

NOTE.—The selling price of lard substitute, delivered, tierce basis, is 22½c per pound in lots of 5,000 pounds or more and 23¾c per pound in lots of less than 5,000 pounds, based upon the customary terms of payment within 30 days, with privilege to the buyer of ½ of 1% discount for payment within 10 days. An additional discount of ¼ of 1% shall be made to buyers of 30,000 pounds gross or over. These prices, when for export, apply delivered at American seaport. The following differentials shall apply to package or case goods, over and above the base price as specified above:

Wooden Boxes			Base Price
New Wooden Tubs—60 to 80 lbs	¼c	over	" "
Butter Tub—50 or 55 lbs	⅛c	"	" "
Kegs—100, 110 or 112 lbs	¼c	"	" "
Iron Drums—60 or 100 lbs	½c	"	" "
Tins—45 to 50 lbs	½c	"	" "
Packages—Over 10 lbs., up to and including 20 lbs. net	1c	"	" "
Packages—Over 5 lbs., up to and including 10 lbs. net	2c	"	" "
Packages—Over 3 lbs., up to and including 5 lbs. net	2½c	"	" "
Packages—Up to and including 3 lbs. net	3c	"	" "
Drums—Of approximately 340 lbs., said Drums to be returned to manufacturer when empty	½c	less	" "

Provided, however, that the foregoing shall not apply to negotiations with federal, state, county or municipal governments or with the governments of any nation at war with Germany.

(a) No allowances, discounts or rebates other than those above specified shall be made to any buyer except for proven damage or shortage. Any allowance or refund for proven damage or shortage shall be reported immediately to the Food Administration.

(b) No consignment or shipment shall be made to jobbers or retailers except upon bona fide purchase as specified in paragraph above.

(c) Manufacturers who distribute in those sections of the West whose freight rates are so high as to justify charging more than the above prices may make written application to the Food Administration for permission to charge higher prices to specified points.

(d) These findings are based upon the price received by the producer for his cotton seed translated into the fair price of cotton seed oil, which oil you have been requested to purchase, treat and store in order that it

may, without advance in price, be available to the consumer as cooking fat in the approaching period of scarcity due to cessation of production.

Proprietary Brands.

This rule applies to proprietary brands or advertised as well as to standard brands of lard substitute.

Manufacturers may combine standard and proprietary or advertised brands in one order, the sum total of such order being the aggregate of both brands therein included.

By the term "proprietary" or "advertised" brands is meant those brands of lard substitute which are sold only in packages up to and including "20's." Any manufacturer distributing a proprietary or advertised brand shall make special application to the United States Food Administration, setting forth the name of such brand or brands, the size or sizes of the packages, the desired unit of sale, together with the price or prices that it is proposed to charge for the said brand or brands. The premium granted shall remain effective and binding until change is authorized in writing by the United States Food Administration.

Proprietary brands cannot be sold in packages of over "20's." The minimum premium to be charged on proprietary brands is ¼c per pound over the basis price for standard brands of lard substitute. All differentials, both as to quantity and packages, must, however, conform to the differentials set forth above.

Applications regarding proprietary brands, as provided above, must be promptly submitted.

Standard Brand Lard Substitute: The price of standard brand lard substitute in lots of less than 5,000 pounds, in the States of New Mexico, Arizona, Montana, Wyoming, Idaho, Utah and Nevada, is 24½c per pound, tierce basis. The price in lots of 5,000 pounds or over remains unchanged. The increase in price in lots of less than 5,000 pounds is made to offset the average higher freight rates from jobbing centers to points of consumption.

Lard Substitute Containing 40 Per Cent Edible Tallow: Lard substitutes which contain 40 per cent edible tallow are to be sold in the States of California, Washington, Oregon and Nevada at 21¾c in lots of 5,000 pounds or over, and 23c in lots of less than 5,000 pounds.

Pooling of Orders: Sales to one buyer, in lots of 5,000 pounds or over, can be distributed to several different stores belonging to that buyer in the same town and on the same day. Pooling of orders by the seller, however, is prohibited.

Sales to Railroad Companies: The foregoing rules, with respect to the price differentials, apply to sales to railroad companies that are being operated by the Federal Government under the act of August 29, 1916.

Illustrative Case: Is it permissible under the foregoing rules to make a consignment of compound to a broker?

Answer: Section B in "Note" under Rule 6 provides that no consignment or shipment shall be made to jobbers or retailers except on bona fide purchase as specified in paragraph above. A consignment, however, to a bona fide broker, who is not a jobber, would be permitted, but not a consignment to jobbers. A bona fide broker may hold and distribute the product in accordance with Rule 6.

Interpretation of Rules: All manufacturers of lard substitutes who may be distributing either to wholesalers or retailers, or direct to consumers, are subject to the above rules and regulations, and are not subject to the special regulations relating to wholesalers of lard substitutes.

Wholesalers, jobbers, importers, retailers and brokers of lard and lard substitutes are governed by special rules applying to licensed non-perishable

food commodities. The maximum margins on sales by wholesalers to retailers is named as 1¼c to 2c per pound.

All licenses under these Regulations are subject to the General Rules. When a Special Rule named above is inconsistent with a General Rule the Special Rule shall prevail.

Special Rules and Regulations Governing Licensees Operating Packing Houses for the Preparation of Meats and Other Licensed Commodities Usually Handled by Such Packing Houses, Including Branch Houses and Other Subsidiary Organizations of Said Licensees.

RULE 1. The licensee shall not hold, contract for or arrange for any fresh, canned or cured beef, pork or mutton, or any sugar syrups or clarified sugar for use by him in manufacturing, preserving or curing in a quantity in excess of the reasonable requirements of his business for use or sale by him for a reasonable time, or reasonably required to furnish necessaries produced in surplus quantities seasonally throughout the period of scant or no production.

NOTE.—The foregoing special rule does not apply to wholesale or retail dealers, or anyone except packing houses. This rule does not authorize packing houses to sell, or make contracts to sell, any product in any different way from that provided by General Rules 13, 14 and 15 following, but it does permit such licensees to hold, or contract to buy, in the manner specified.

RULE 2. The licensee shall not on any day sell, or offer to sell, cured pork products at higher levels of price at one branch house in the United States than in another, proper allowance being made for difference in cost of transportation and service.

NOTE.—*Price Basis May* 1: Until further notice, the Food Administration will regard any increase by a packing house licensee, which has during 1918 been allotted orders for pork products from any of the allied nations, of the price of cured pork products to retailers in the United States over the price charged by such licensee on May 1, as exorbitant and unreasonable and a violation of General Rule 5; unless such increase is justifiable and is first submitted to the United States Food Administration with an explanation of the reasons therefor.

Each such licensee was required to report to the Meat Division, Washington, D. C., on or before May 20, 1918, its scale of prices then charged to retailers for the following commodities, such report to be on packing house basis unless otherwise specifically shown:

1. Fancy brand ham, light average;
2. Fancy brand ham, medium average;
3. Fancy brand ham, heavy average;
4. Fancy brand breakfast bacon, light average;
5. Fancy brand breakfast bacon, medium average;
6. Fancy brand breakfast bacon, heavy average;
7. Standard brand hams, light average;
8. Standard brand hams, medium average;
9. Standard brand hams, heavy average;
10. Standard brand breakfast bacon, light average;
11. Standard brand breakfast bacon, medium average;
12. Standard brand breakfast bacon, heavy average;
    Also differential on skinned hams;
13. Pure refined lard, tierce basis.

RULE 2. Supra, forbids the packers to offer their cured products at higher prices at one market than in another, proper allowances being made for differences in the cost of transportation and service (which includes different branch house expenses). It is the general purpose of this rule, undoubtedly, to prevent the packer from taking advantage in the disposal of his product of the fact that in one place he may be without competition, where in another place he meets competition, and also to avoid speculative advances based on temporary and local shortages of product.

It is noted that the enumerated cured pork products above, which must be sold on the basis of the price of May 1, are limited to the business of those packers which do an export business.

Rule 2 and the above regulations apply only to Cured Pork products. This regulation is somewhat similar to the statutes found in a number of states known as the Anti-Discrimination Laws, which prohibit the discrimination in price between different purchasers of commodities.

Figuring Selling Price: A packer, in figuring a selling price under the above rule, is permitted to use as a basis his cost list in effect on May 1, on the various items enumerated. In figuring his selling price, he would be permitted to add the freight to destination, and in the case of where the packer had branch houses, he could add the freight to the branch house and also the average branch house expenses. To this item he would, of course, be permitted to add a reasonable sum to cover shrinkage and profit, which in the case, for example, of Hams above, should not exceed 1½c to 2c a pound. In the case of where special services are rendered, as for example, sales to the consuming trade, as hotels and restaurants, he would be permitted an additional reasonable margin of profit to cover such additional services. In case the price of May 1 would cease to be reasonable by reason of increased costs of raw material, or for any other reason, the packer should, of course, in such case submit full facts to the Administration, together with the amount of his proposed increase over the May 1 price, stating fully the reasons and conditions which justify the increase. If the increase is proper, no doubt, the Food Administration will grant it.

GENERAL AND SPECIAL RULES AND REGULATIONS.—All licensees are subject to the foregoing special rules and also to the special rules and regulations regulating the profits of slaughtering and meat packing concerns, with which every licensee should familiarize himself. Said licensees are also subject to the general rules and regulations contained in this book, and also the following general rules:

9, 13, 14, 15, 16, 24, 25 and 27,

except in so far as such rules and regulations may be modified by the special rules above referred to. The following general rules were originally contained in the general rules as published:

GENERAL RULE 9. CARLOAD SHIPMENTS.—All carload shipments of the following commodities shall be made in car lots of not less than the amount prescribed below unless a definite minimum is authorized by special, written permission of the United States Food Administrator, *provided,* however, that when cars of lower carrying capacity are used, the maximum load which the car will carry may be used without such permission.

Fresh Meat	22,000 lbs. from April 1 to September 30; 24,000 lbs. remainder of year.
Fresh meat mixed with cured beef, cured pork, cured mutton, lard or lard substitutes	24,000 lbs. from April 1 to September 30; 26,000 remainder of year.
Cured beef, cured pork, cured mutton, lard and lard substitutes, straight or mixed	30,000 lbs.
Frozen beef	30,000 lbs.

NOTE.—The foregoing units do not apply to a car that is partly unloaded at various points en route (a so-called "peddler" car) unless the distribution of the contents of such car is handled through a branch house of the licensee or reshipment is to be made by the branch house.

Only so much of the above rule is given here as includes Fresh Meat, Cured Beef and Frozen Beef. For other minimum trade units, see special regulations relating to the particular commodity, to which regulations the packer is subject.

GENERAL RULE 13. HOARDING.—The licensee shall not, without the written consent of the United States Food Administrator, or his duly authorized representative, keep on hand, or have in possession or under control, by contract or other arrangement, at any time, any food commodities in a quantity in excess of the reasonable requirements of his business for use or sale by him during a period of sixty days: *Provided,* however, That this rule shall not prevent the licensee from storing in sufficient quantities to fill his reasonable requirements throughout the period of scant or no production, any of the following commodities: Butter, cheese, fresh fish, frozen fish, fresh fruits, fresh vegetables, poultry, eggs, canned peas, canned tomatoes, canned corn, canned salmon, canned sardines, dried prunes, dried apples, dried peaches, dried raisins, molasses in bulk, alfalfa meal, dried beet pulp, copra cake or meal, linseed cake or meal, milo, kaffir, feterita, sunflower seed, broken wheat mixture, baled straw, baled hay, baled alfalfa, millet, palm nut meal, palm kernel meal, buckwheat and also its products, fishscrap, peanut hay meal, peanut feed, imported grain screenings, wild buckwheat, pure maple sugar, pure maple syrup.

Provided, That this rule shall not be construed to prohibit the storing of food commodities for seeding purposes if notice of the amount and location of such seed is sent to the United States Food Administrator before the expiration of sixty days from the date when said food commodities are stored.

Provided, further, That this rule shall not prevent any licensee from having a carload of any commodity in transit, in addition to a supply thereof sufficient to last until arrival of said carload.

NOTE.—This rule does not prohibit the storing of commodities for more than sixty days; a quantity that is not in excess of the reasonable requirements of the licensee's business for more than sixty days may be stored for a longer period than sixty days if necessary.

NOTE.—Under General Rule 13, supra, the licensee may store, or he may arrange for or contract for sufficient quantities of seasonal commodities listed in the rule to fill his reasonable requirements throughout the period of scant or no production.

GENERAL RULE 14. SALES TO HOARDERS FORBIDDEN.—The licensee shall not sell or deliver to any person any food commodities without the consent of the United States Food Administration if the licensee knows, or has reason to believe, that such a sale or delivery will give to such person a supply of any such commodities in excess of his reasonable requirements for use or sale by him during the period of sixty days next succeeding any sale or delivery; *provided,* however, that this rule shall not prevent sales or deliveries to any person of any of the commodities specified in Rule 13 in such quantities as will give such person a sufficient supply of such commodities to fill his reasonable requirements throughout the period of scant or no production; and, *provided,* further that this rule shall not prevent the sale or delivery of any food commodities to any person for the Federal, State, County or Municipal governments or for the government of any nation at war with Germany, or the sale or delivery of a carload of that commodity to any licensee having less than a carload lot on hand.

GENERAL RULE 15. PERIOD OF DELIVERY, 60 DAYS.—Provides that except as to those commodities named in Rule 13, *supra,* a licensee is prohibited from making, or having outstanding, any contract for shipments or delivery more than sixty days after the making of such contract. An exception is made in the case of contracts with Federal, State, County or Municipal Governments, or any government at war with Germany, and also in the case of an importer who may sell goods to be imported for delivery upon arrival. This rule and Rule 13 do not affect the validity of any contract for the sale of corn, oats or barley entered into prior to November 15, 1917, unless the cancellation of such contract should be hereafter ordered by the United States Food Administration.

NOTE.—This rule does not apply to contracts for the sale of commodities listed in Rule 13.

A licensee may book orders for seed corn for delivery more than sixty days after the making of the contract.

General rule 16. Contracts entered into prior to October 15, 1917.—Provides that all bona fide contracts made prior to October 15, 1917, are not affected by Rules 13 and 15, *supra,* and and that between the dates of December 1 and 15, 1917, all contracts of sale which were not fully performed on January 1, 1918, should be reported to the United States Food Administrator.

General rule 24. Branding products held thirty days or over.—No licensee shall sell or offer for sale fresh meat, fresh meat products, fresh or frozen fish, poultry, eggs or butter, which have been held for a period of thirty days or over in a cold storage warehouse unless such commodities are plainly marked, stamped or tagged, either upon the container wherein packed, or upon the article of food itself with the words "Cold Storage." The licensee shall keep such mark, stamp or tag in plain view, and shall not represent or advertise as fresh any such commodities; and if he is a retailer, shall display a placard plainly and conspicuously marked "Cold Storage Goods" on the bulk mass or articles of food. Any invoice or bill rendered for such goods shall clearly describe the commodities, using the words "Cold Storage Goods."

General rule 25. Markings must not be removed.—No licensee shall remove or erase or permit to be removed or erased any mark, stamp or tag bearing the words "Cold Storage" or other words required by these Rules and Regulations to be placed on any food commodities or upon the containers wherein they are packed. When any food commodities are transferred from a container bearing the words "Cold Storage," or such food commodities are divided into smaller lots or units, the words "Cold Storage" shall be plainly and conspicuously marked upon the containers, cartons, packages or wrappers to which they are transferred.

General rule 27.—Certificate to be given warehouseman upon his request.—(Effective February 7, 1918.) The licensee storing with a cold storage warehouseman commodities required to be licensed upon which the warehouseman either directly or indirectly loans money, shall upon request of such warehouseman file with him a certificate stating the market value of the goods stored and shall make no false or misleading statement in such certificate, nor shall he fail to maintain the margin required on all loans by Special Rule 5 governing licensees engaged in business as cold storage warehousemen.

Note.—The packer engaged in any business covered by the Special Rules contained in this book would be subject of course to all such Special Rules covering such business.

UNITED STATES STATUTES

Digests and Comments. All Important Sections Printed in Full.

FOOD SURVEY LAW

Stimulation of Production of Food Products; Power and Authority Conferred.

An Act To provide further for the national security and defense by stimulating agriculture and facilitating the distribution of agricultural products.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purpose of more effectually providing for the national security and defense and carrying on the war with Germany by gathering authoritative information concerning the food supply, by increasing production, by preventing waste of the food supply, by regulating the distribution thereof, and by such other means and methods as are hereinafter provided, the powers, authorities, duties, obligations, and prohibitions hereinafter set forth are conferred and prescribed.

Investigation by the Secretary of Agriculture of Supply, Consumption, Cost, Prices of Food, Food Materials, Feeds, Fertilizer, Agricultural Machinery, etc. Power to Secure Information; Penalties for Failure to Give the Same.

SEC. 2. That the Secretary of Agriculture, with the approval of the President, is authorized to investigate and ascertain the demand for the supply, consumption, costs, and prices of, and the basic facts relating to the ownership, production, transportation, manufacture, storage, and distribution of, foods, food materials, feeds, seeds, fertilizers, agricultural implements and machinery, and any article required in connection with the production, distribution, or utilization of food. It shall be the duty of any person, when requested by the Secretary of Agriculture, or any agent acting under his instructions, to answer correctly, to the best of his knowledge, under oath or otherwise, all questions touching his knowledge of any matter authorized to be investigated under this section, or to produce all books, letters, papers, or documents in his possession, or under his control, relating to such matter. Any person who shall, within a reasonable time to be prescribed by the Secretary of Agriculture, not exceeding thirty days from the date of the receipt of the request, willfully fail or refuse to answer such questions or to produce such books, letters, papers, or documents, or who shall willfully give any answer that is false or misleading,

shall be guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine not exceeding $1,000 or by imprisonment not exceeding one year, or both.

Purchase and Distribution of Seeds, etc.

SEC. 3. That whenever the Secretary of Agriculture shall find that there is or may be a special need in any restricted area for seeds suitable for the production of food crops, he is authorized to purchase, or contract with persons to grow such seeds, to store them, and to furnish them to farmers for cash, at cost, including the expense of packing and transportation.

Co-operation With State and Local Officials.

SEC. 4. That the Secretary of Agriculture is authorized to co-operate with such State and local officials, and with such public and private agencies, or persons, as he finds necessary, and to make such rules and regulations as are necessary effectively to carry out the preceding sections of this Act.

President By and With Consent of Congress May Appoint Two Assistant Secretaries of Agriculture.

SEC. 5. That the President, by and with the advice and consent of the Senate, may appoint two additional Assistant Secretaries of Agriculture, who shall perform such duties as may be required by law or prescribed by the Secretary of Agriculture, and who shall each be paid a salary of $5,000 per annum.

Co-operation of Government Agencies With Secretary of Agriculture.

SEC. 6. That the President is authorized to direct any agency or organization of the Government to co-operate with the Secretary of Agriculture in carrying out the purposes of this Act and to co-ordinate their activities so as to avoid any preventable loss or duplication of work.

Definitions.

SEC. 7. That words used in this Act shall be construed to import the plural or the singular as the case demands, and the word "person," wherever used in this Act, shall include individuals, partnerships, associations, and corporations.

Appropriations; Employees Not Exempt from Military Service; Reports of Expenditures of Moneys Appropriated.

SEC. 8. That for the purpose of this Act, the following sums are hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, available immediately and until June thirtieth, nineteen hundred and eighteen: For the prevention,

control, and eradication of the diseases and pests of live stock; the enlargement of live stock production, and the conservation and utilization of meat, poultry, dairy, and other animal products, $885,000.

For procuring, storing, and furnishing seeds, as authorized by Section Three of this Act, $2,500,000, and this fund may be used as a revolving fund until June thirtieth, nineteen hundred and eighteen.

For the prevention, control, and eradication of insects and plant diseases injurious to agriculture, and the conservation and utilization of plant products, $441,000.

For increasing food production and eliminating waste and promoting conservation of food by educational and demonstrational methods, through county, district, and urban agents and others, $4,348,400.

For gathering authoritative information in connection with the demand for, and the production, supply, distribution, and utilization of food, and otherwise carrying out the purposes of Section Two of this Act; extending and enlarging the market news service; and preventing waste of food in storage, in transit, or held for sale; advise concerning the market movement or distribution of perishable products; for enabling the Secretary of Agriculture to investigate and certify to shippers the condition as to soundness of fruits, vegetables, and other food products, when received at such important central markets as the Secretary of Agriculture may from time to time designate and under such rules and regulations as he may prescribe: *Provided,* That certificates issued by the authorized agents of the department shall be received in all courts as prima facie evidence of the truth of the statements therein contained; and otherwise carrying out the purposes of this Act, $2,522,000: *Provided further,* That the Secretary of Agriculture shall, so far as practicable, engage the services of women for the work herein provided for.

For miscellaneous items, including the salaries of Assistant Secretaries appointed under this Act; special work in crop estimating; aiding agencies in the various States in supplying farm labor; enlarging the informational work of the Department of Agriculture; and printing and distributing emergency leaflets, posters, and other publications requiring quick issue or large editions, $650,000.

Provided, That the employment of any person under the provisions of this Act shall not exempt any such person from military service under the provisions of the selective draft law approved May eighteenth, nineteen hundred and seventeen.

It shall be the duty of the Secretary of Agriculture to submit to Congress at its regular session in December of each year a

detailed report of the expenditure of all moneys herein appropriated.

SECTIONS 9, 10, and 11 are amendments to the following Statutes: An Act Providing for Inspection of Meats for Exportation, Prohibiting the Importation of Adulterated Articles of Food or Drink and Authorizing the President to make Proclamations in such Cases and for other Purposes (26 Statutes at large, Page 414); An Act to Provide for an enlarged Homestead and an Act known as "The Reclamation Act," respectively, and relate to subject matters which are not within the scope of this work.

Section 12—Duration of the Law.

SEC. 12. That the provisions of this Act shall cease to be in effect when the national emergency resulting from the existing state of war shall have passed, the date of which shall be ascertained and proclaimed by the President; but the date when this Act shall cease to be in effect shall not be later than the beginning of the next fiscal year after the termination, as ascertained by the President, of the present war between the United States and Germany.

FOOD CONTROL LAW

Governmental Control of the Supply and Distribution of Necessaries; President Authorized to Make Rules and Regulations.

An Act to provide further for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of food products and fuel.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That by reason of the existence of a state of war, it is essential to the national security and defense, for the successful prosecution of the war, and for the support and maintenance of the Army and Navy, to assure an adequate supply and equitable distribution, and to facilitate the movement of foods, feeds, fuel, including fuel oil and natural gas, and fertilizer and fertilizer ingredients, tools, utensils, implements, machinery, and equipment required for the actual production of foods, feeds and fuel, hereafter in this Act called necessaries; to prevent, locally or generally, scarcity, monopolization, hoarding, injurious speculation, manipulations, and private controls, affecting such supply, distribution, and movement; and to establish and maintain governmental control of such necessaries during the war. For such purposes the instrumentalities, means, methods, powers, authorities, duties, obligations, and prohibitions hereinafter set forth are created, established, conferred, and prescribed. The President is author-

ized to make such regulations and to issue such orders as are essential effectively to carry out the provisions of this Act.

President Authorized to Create Agencies and Employ Persons Without Compensation.

SEC. 2. That in carrying out the purposes of this Act the President is authorized to enter into any voluntary arrangements or agreements, to create and use any agency or agencies, to accept the services of any person without compensation, to co-operate with any agency or person, to utilize any department or agency of the Government, and to co-ordinate their activities so as to avoid any preventable loss or duplication of effort or funds.

Pecuniary Interests of Agents or Employes in Contracts, Forbidden; Penalty.

SEC. 3. That no person acting either as a voluntary or paid agent or employee of the United States in any capacity, including an advisory capacity, shall solicit, induce, or attempt to induce any person or officer authorized to execute or to direct the execution of contracts on behalf of the United States to make any contract or give any order for the furnishing to the United States of work, labor, or services, or of materials, supplies, or other property of any kind or character, if such agent or employee has any pecuniary interest in such contract or order, or if he or any firm of which he is a member, or corporation, joint-stock company, or association of which he is an officer or stockholder, or in the pecuniary profits of which he is directly or indirectly interested, shall be a party thereto. Nor shall any agent or employee make, or permit any committee or other body of which he is a member to make, or participate in making, any recommendation concerning such contract or order to any council, board, or commission of the United States, or any member or subordinate thereof, without making to the best of his knowledge and belief a full and complete disclosure in writing to such council, board, commission, or subordinate of any and every pecuniary interest which he may have in such contract or order and of his interest in any firm, corporation, company, or association being a party thereto. Nor shall he participate in the awarding of such contract or giving such order. Any willful violation of any of the provisions of this section shall be punishable by a fine of not more than $10,000, or by imprisonment of not more than five years, or both: *Provided,* That the provisions of this section shall not change, alter or repeal section forty-one of chapter three hundred and twenty-one, Thirty-fifth Statutes at Large.

Destroying Necessaries, Committing Waste, Hoarding, Discriminatory or Unreasonable Charges of Necessaries, Prohibited. Limiting Trans-

portation, Producing, Manufacturing, etc., Facilities, Restricting Supply, Distribution, etc., Unlawful.

SEC. 4. That it is hereby made unlawful for any person willfully to destroy any necessaries for the purpose of enhancing the price or restricting the supply thereof; knowingly to commit waste or willfully to permit preventable deterioration of any necessaries in or in connection with their production, manufacture, or distribution; to hoard, as defined in section six of this Act, any necessaries; to monopolize or attempt to monopolize, either locally or generally, any necessaries; to engage in any discriminatory and unfair, or any deceptive or wasteful practice or device, or to make any unjust or unreasonable rate or charge, in handling or dealing in or with any necessaries; to conspire, combine, agree, or arrange with any other person, (a) to limit the facilities for transporting, producing, harvesting, manufacturing, supplying, storing, or dealing in any necessaries; (b) to restrict the supply of any necessaries; (c) to restrict distribution of any necessaries; (d) to prevent, limit, or lessen the manufacture or production of any necessaries in order to enhance the price thereof, or (e) to exact excessive prices for any necessaries; or to aid or abet the doing of any act made unlawful by this section.

The President Authorized to License Importation, Manufacture, Storage and Distribution of Any Necessaries; to Provide Regulations for Licenses, Require Reports, Revoke or Suspend Licenses; Carrying on Business Without a License When Required, or After License Has Been Revoked or Suspended, Forbidden; Penalties; Parties Excepted; Retailer Defined.

SEC. 5. That, from time to time, whenever the President shall find it essential to license the importation, manufacture, storage, mining, or distribution of any necessaries, in order to carry into effect any of the purposes of this Act, and shall publicly so announce, no person shall, after a date fixed in the announcement, engage in or carry on any such business specified in the announcement of importation, manufacture, storage, mining, or distribution of any necessaries as set forth in such announcement, unless he shall secure and hold a license issued pursuant to this section. The President is authorized to issue such licenses and to prescribe regulations for the issuance of licenses and requirements for systems of accounts and auditing of accounts to be kept by licensees, submission of reports by them, with or without oath or affirmation, and the entry and inspection by the President's duly authorized agents of the places of business of licensees. Whenever the President shall find that any storage charge, commission, profit, or practice of any licensee is unjust, or unreasonable, or discriminatory and unfair, or wasteful, and

shall order such licensee, within a reasonable time fixed in the order, to discontinue the same, unless such order, which shall recite the facts found, is revoked or suspended, such licensee shall, within the time prescribed in the order, discontinue such unjust, unreasonable, discriminatory and unfair storage charge, commission, profit, or practice. The President may, in lieu of any such unjust, unreasonable, discriminatory, and unfair storage charge, commission, profit, or practice, find what is a just, reasonable, nondiscriminatory and fair storage charge, commission, profit, or practice, and in any proceeding brought in any court such order of the President shall be prima facie evidence. Any person who, without a license issued pursuant to this section, or whose license shall have been revoked, knowingly engages in or carries on any business for which a license is required under this section, or willfully fails or refuses to discontinue any unjust, unreasonable, discriminatory and unfair storage charge, commission, profit, or practice, in accordance with the requirement of an order issued under this section, or any regulation prescribed under this section, shall upon conviction thereof, be punished by a fine not exceeding $5,000, or by imprisonment for not more than two years, or both: *Provided*, That this section shall not apply to any farmer, gardener, co-operative association of farmers or gardeners, including live stock farmers, or other persons with respect to the products of any farm, garden, or other land owned, leased, or cultivated by him, nor to any retailer with respect to the retail business actually conducted by him, nor to any common carrier, nor shall anything in this section be construed to authorize the fixing or imposition of a duty or tax upon any article imported into or exported from the United States or any State, Territory, or the District of Columbia: *Provided further,* That for the purpose of this Act a retailer shall be deemed to be a person, copartnership, firm, corporation, or association not engaging in the wholesale business whose gross sales do not exceed $100,000 per annum.

Note: See Proclamations INFRA issued by the President hereunder.

Hoarding Defined; Transactions on Exchange, Board of Trade, etc., Not Included; Punishment.

SEC. 6. That any person who willfully hoards any necessaries shall upon conviction thereof be fined not exceeding $5,000 or be imprisoned for not more than two years, or both. Necessaries shall be deemed to be hoarded within the meaning of this Act when either (a) held, contracted for, or arranged for by any person in a quantity in excess of his reasonable requirements for use or consumption by himself and dependents for a reasonable time; (b) held, contracted for, or arranged for by any manu-

facturer, wholesaler, retailer, or other dealer in a quantity in excess of the reasonable requirements of his business for use or sale by him for a reasonable time, or reasonably required to furnish necessaries produced in surplus quantities seasonally throughout the period of scant or no production; or (c) withheld, whether by possession or under any contract or arrangement, from the market by any person for the purpose of unreasonably increasing or diminishing the price: *Provided,* That this section shall not include or relate to transactions on any exchange, board of trade, or similar institution or place of business as described in section thirteen of this Act that may be permitted by the President under the authority conferred upon him by said section thirteen: *Provided, however,* That any accumulating or withholding by any farmer or gardener, co-operative association of farmers or gardeners, including live stock farmers, or any other person, of the products of any farm, garden, or other land owned, leased, or cultivated by him shall not be deemed to be hoarding within the meaning of this Act.

Necessaries Hoarded Subject to Seizure by Libel; Disposition of Proceeds; Duty of United States Attorney.

SEC. 7. That whenever any necessaries shall be hoarded as defined in section six they shall be liable to be proceeded against in any district court of the United States within the district where the same are found and seized by a process of libel for condemnation, and if such necessaries shall be adjudged to be hoarded they shall be disposed of by sale in such manner as to provide the most equitable distribution thereof as the court may direct, and the proceeds thereof, less the legal costs and charges, shall be paid to the party entitled thereto. The proceedings of such libel cases shall conform as near as may be to the proceedings in admiralty, except that either party may demand trial by jury of any issue of fact joined in any such case, and all such proceedings shall be at the suit of and in the name of the United States. It shall be the duty of the United States attorney for the proper district to institute and prosecute any such action upon presentation to him of satisfactory evidence to sustain the same.

Destroying Necessaries to Enhance Price; Penalty.

SEC. 8. That any person who willfully destroys any necessaries for the purpose of enhancing the price or restricting the supply thereof shall, upon conviction thereof, be fined not exceeding $5,000 or imprisoned for not more than two years, or both.

Conspiracy to Limit Transportation Facilities, Restrict Supply of Necessaries, etc., Forbidden; Punishment.

SEC. 9. That any person who conspires, combines, agrees, or

arranges with any other person (a) to limit the facilities for transporting, producing, manufacturing, supplying, storing, or dealing in any necessaries; (b) to restrict the supply of any necessaries; (c) to restrict the distribution of any necessaries; (d) to prevent, limit, or lessen the manufacture or production of any necessaries in order to enhance the price thereof shall, upon conviction thereof, be fined not exceeding $10,000 or be imprisoned for not more than two years, or both.

President Authorized to Requisition Food, Feed, etc., for Army and Navy or Public Use Connected With Public Defense; Compensation Therefor; Determination of Value.

SEC. 10. That the President is authorized, from time to time, to requisition foods, feeds, fuels, and other supplies necessary to the support of the Army or the maintenance of the Navy, or any other public use connected with the common defense, and to requisition, or otherwise provide, storage facilities for such supplies; and he shall ascertain and pay a just compensation therefor. If the compensation so determined be not satisfactory to the person entitled to receive the same, such person shall be paid seventy-five per centum of the amount so determined by the President, and shall be entitled to sue the United States to recover such further sum as, added to said seventy-five per centum will make up such amount as will be just compensation for such necessaries or storage space, and jurisdiction is hereby conferred on the United States District Courts to hear and determine all such controversies: *Provided,* That nothing in this section, or in the section that follows, shall be construed to require any natural person to furnish to the Government any necessaries held by him and reasonably required for consumption or use by himself and dependents, nor shall any person, firm, corporation, or association be required to furnish to the Government any seed necessary for the seeding of land owned, leased, or cultivated by them.

Purchase, Storage and Sale Wheat, Flour, Meal, Beans, Potatoes; Purchase Price; Disposition of Moneys Received by United States from Sales.

SEC. 11. That the President is authorized, from time to time, to purchase, to store, to provide storage facilities for, and to sell for cash at reasonable prices, wheat, flour, meal, beans, and potatoes: *Provided,* That if any minimum price shall have been theretofore fixed, pursuant to the provisions of section fourteen of this Act, then the price paid for any such articles so purchased shall not be less than such minimum price. Any moneys received by the United States from or in connection with the disposal by the United States of necessaries under this section may, in the discretion of the President, be used as a revolving

fund for further carrying out the purposes of this section. Any balance of such moneys not used as part of such revolving fund shall be covered into the Treasury as miscellaneous receipts.

President Authorized to Requisition and Operate Factory, Packing House, Oil Pipe Line, Mine, or Other Plant, or Any Part Thereof, Where Necessaries Are Manufactured, Produced, etc., When He Deems Necessary to Secure Adequate Supply of Necessaries for Army and Navy; Restoration of Factories, Mines, Plants to Owners; Compensation; How Determined; Review by Court; Disposition of Moneys Received from Operation of Factory, etc.

SEC. 12. That whenever the President shall find it necessary to secure an adequate supply of necessaries for the support of the Army or the maintenance of the Navy, or for any other public use connected with the common defense, he is authorized to requisition and take over, for use or operation by the Government, any factory, packing house, oil pipe line, mine, or other plant, or any part thereof, in or through which any necessaries are or may be manufactured, produced, prepared, or mined, and to operate the same. Whenever the President shall determine that the further use or operation by the Government of any such factory, mine, or plant, or part thereof, is not essential for the national security or defense, the same shall be restored to the person entitled to the possession thereof. The United States shall make just compensation, to be determined by the President, for the taking over, use, occupation, and operation by the Government of any such factory, mine, or plant, or part thereof. If the compensation so determined be unsatisfactory to the person entitled to receive the same, such person shall be paid seventy-five per centum of the amount so determined by the President, and shall be entitled to sue the United States to recover such further sum as, added to said seventy-five per centum, will make up such amount as will be just compensation, in the manner provided by section twenty-four, paragraph twenty, and section one hundred and forty-five of the Judicial Code. The President is authorized to prescribe such regulations as he may deem essential for carrying out the purposes of this section, including the operation of any such factory, mine, or plant, or part thereof, the purchase, sale, or other disposition of articles used, manufactured, produced, prepared, or mined therein, and the employment, control, and compensation of employees. Any moneys received by the United States from or in connection with the use or operation of any such factory, mine, or plant, or part thereof, may, in the discretion of the President, be used as a revolving fund for the purpose of the continued use or operation of any such factory, mine, or plant, or part thereof, and the accounts of each such factory, mine plant, or part thereof, shall be kept separate and distinct. Any

balance of such moneys not used as part of such revolving fund shall be paid into the Treasury as miscellaneous receipts.

Requisitions by President Governing, Prohibiting, etc., Operations and Practices on Exchanges, Boards of Trade, etc.; Punishment for Violation of Such Regulations.

SEC. 13. That whenever the President finds it essential in order to prevent undue enhancement, depression, or fluctuation of prices of, or in order to prevent injurious speculation in, or in order to prevent unjust market manipulation or unfair and misleading market quotations of the prices of necessaries, hereafter in this section called evil practices, he is authorized to prescribe such regulations governing, or may either wholly or partly prohibit, operations, practices, and transactions at, or, in, or under the rules of any exchange, board of trade, or similar institution or place of business as he may find essential in order to prevent, correct, or remove such evil practices. Such regulations may require all persons coming within their provisions to keep such records and statements of account, and may require such persons to make such returns, verified under oath or otherwise, as will fully and correctly disclose all transactions at, in, or on, or under the rules of any such exchange, board of trade, or similar institution or place of business, including the making, execution, settlement, and fulfillment thereof. He may also require all persons acting in the capacity of a clearing house, clearing association, or similar institution, for the purpose of clearing, settling, or adjusting transactions at, in, or on, or under the rules of any such exchange, board of trade, or similar institution or place of business, to keep such records and to make such returns as will fully and correctly disclose all facts in their possession relating to such transactions, and he may appoint agents to conduct the investigations necessary to enforce the provisions of this section and all rules and regulations made by him in pursuance thereof, and may fix and pay the compensation of such agents. Any person who willfully violates any regulation made pursuant to this section, or who knowingly engages in any operation, practice, or transaction prohibited pursuant to this section, or who willfully aids or abets any such violation or any such prohibited operation, practice, or transaction, shall, upon conviction thereof, be punished by a fine not exceeding $10,000 or by imprisonment for not more than four years, or both.

Production of Wheat, Stimulation of; Guaranteed Price for Wheat; Regulation Governing Guaranteed Price; Minimum of Guaranteed Price; Purchase by Government; Disposition of Proceeds from Such Sales.

SEC. 14. That whenever the President shall find that an emergency exists requiring stimulation of the production of wheat

and that it is essential that the producers of wheat, produced within the United States, shall have the benefits of the guaranty provided for in this section, he is authorized, from time to time, seasonably and as far in advance of seeding time as practicable, to determine and fix and to give public notice of what, under specified conditions, is a reasonable guaranteed price for wheat, in order to assure such producers a reasonable profit. The President shall thereupon fix such guaranteed price for each of the official grain standards for wheat as established under the United States grain standards Act, approved August eleventh, nineteen hundred and sixteen. The President shall from time to time establish and promulgate such regulations as he shall deem wise in connection with such guaranteed prices, and in particular governing conditions of delivery and payment, and differences in price for the several standard grades in the principal primary markets of the United States, adopting number one northern spring or its equivalent at the principal interior primary markets as the basis. Thereupon, the Government of the United States hereby guarantees every producer of wheat produced within the United States, that, upon compliance by him with the regulations prescribed, he shall receive for any wheat produced in reliance upon this guarantee within the period, not exceeding eighteen months, prescribed in the notice, a price not less than the guaranteed price therefor as fixed pursuant to this section. In such regulations the President shall prescribe the terms and conditions upon which any such producer shall be entitled to the benefits of such guaranty. The guaranteed prices for the several standard grades of wheat for the crop of nineteen hundred and eighteen, shall be based upon number one northern spring or its equivalent at not less than $2 per bushel at the principal interior primary markets. This guaranty shall not be dependent upon the action of the President under the first part of this section, but is hereby made absolute and shall be binding until May first, nineteen hundred and nineteen. When the President finds that the importation into the United States of any wheat produced outside of the United States materially enhances or is likely materially to enhance the liabilities of the United States under guaranties of prices therefor made pursuant to this section, and ascertains what rate of duty, added to the then existing rate of duty on wheat and to the value of wheat at the time of importation, would be sufficient to bring the price thereof at which imported up to the price fixed therefor pursuant to the foregoing provisions of this section, he shall proclaim such facts, and thereafter there shall be levied, collected, and paid upon wheat when imported in addition to the then existing rate of duty, the rate of duty so ascertained; but in no case shall any

such rate of duty be fixed at an amount which will effect a reduction of the rate of duty upon wheat under any then existing tariff law of the United States. For the purpose of making any guaranteed price effective under this section, or whenever he deems it essential in order to protect the Government of the United States against material enhancement of its liabilities arising out of any guaranty under this section, the President is authorized also, in his discretion, to purchase any wheat for which a guaranteed price shall be fixed under this section, and to hold, transport, or store it, or to sell, dispose of, and deliver the same to any citizen of the United States or to any Government engaged in war with any country with which the Government of the United States is or may be at war or to use the same as supplies for any department or agency of the Government of the United States. Any moneys received by the United States from or in connection with the sale or disposal of wheat under this section may, in the discretion of the President, be used as a revolving fund for further carrying out the purposes of this section. Any balance of such moneys not used as part of such revolving fund shall be covered into the Treasury as miscellaneous receipts.

Foods, Fruits, Food Materials, etc., Not to Be Used in Production of Distilled Spirits for Beverage Purposes; Importation of Distilled Spirits Prohibited; President Authorized to Issue Further Restrictions, Limitations, etc., to Assure Adequate Supply of Food, etc.; Manufacture of Liquors Not Authorized Where Manufacture Prohibited.

SEC. 15. That from and after thirty days from the date of the approval of this Act no foods, fruits, food materials, or feeds shall be used in the production of distilled spirits for beverage purposes: *Provided,* That under such rules, regulations, and bonds as the President may prescribe, such materials may be used in the production of distilled spirits exclusively for other than beverage purposes, or for the fortification of pure sweet wines as defined by the Act entitled "An Act to increase the revenue, and for other purposes," approved September eighth, nineteen hundred and sixteen. Nor shall there be imported into the United States any distilled spirits. Whenever the President shall find that limitation, regulation, or prohibition of the use of foods, fruits, food materials, or feeds in the production of malt or vinous liquors for beverage purposes, or that reduction of the alcoholic content of any such malt or vinous liquor, is essential, in order to assure an adequate and continuous supply of food, or that the national security and defense will be subserved thereby, he is authorized, from time to time, to prescribe and give public notice to the extent of the limitation, regulation, prohibition, or reduction so necessitated. Whenever such notice

shall have been given and shall remain unrevoked no person shall, after a reasonable time prescribed in such notice, use any foods, fruits, food materials, or feeds in the production of malt or vinous liquors, or import any such liquors except under license issued by the President and in compliance with rules and regulations determined by him governing the production and importation of such liquors and the alcoholic content thereof. Any person who willfully violates the provisions of this section, or who shall use any foods, fruits, food materials, or feeds in the production of malt or vinous liquors, or who shall import any such liquors, without first obtaining a license so to do when a license is required under this section, or who shall violate any rule or regulation made under this section, shall be punished by a fine not exceeding $5,000, or by imprisonment for not more than two years, or both: *Provided further,* That nothing in this section shall be construed to authorize the licensing of the manufacture of vinous or malt liquors in any State, Territory, or the District of Columbia, or any civil subdivision thereof, where the manufacture of such vinous or malt liquor is prohibited.

President Authorized to Take Over All Distilled Spirits in Bond or in Stock; Compensation to Be Paid Therefor; Determination of Same.

SEC. 16. That the President is authorized and directed to commandeer any or all distilled spirits in bond or in stock at the date of the approval of this Act for redistillation, in so far as such redistillation may be necessary to meet the requirements of the Government in the manufacture of munitions and other military and hospital supplies, or in so far as such redistillation would dispense with the necessity of utilizing products and materials suitable for foods and feeds in the future manufacture of distilled spirits for the purpose herein enumerated. The President shall determine and pay a just compensation for the distilled spirits so commandeered; and if the compensation so determined be not satisfactory to the person entitled to receive the same, such person shall be paid seventy-five per centum of the amount so determined by the President and shall be entitled to sue the United States to recover such further sum as, added to said seventy-five per centum, will make up such amount as will be just compensation for such spirits, in the manner provided by section twenty-four, paragraph twenty, and section one hundred and forty-five of the Judicial Code.

Interference With Officers of the United States; Punishment.

SEC. 17. That every person who willfully assaults, resists, impedes, or interferes with any officer, employee, or agent of the United States in the execution of any duty authorized to be per-

formed by or pursuant to this Act shall upon conviction thereof be fined not exceeding $1,000 or be imprisoned for not more than one year, or both.

Appropriation for Rent; Expenses, etc.

SEC. 18. That the sum of $2,500,000 is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, to be available until June thirtieth, nineteen hundred and eighteen, for the payment of such rent, the expense, including postage, of such printing and publications, the purchase of such material and equipment, and the employment of such persons and means, in the city of Washington and elsewhere, as the President may deem essential.

Appropriation for Other Purposes; Reports to Be Filed With the Secretary of the Senate and the Clerk of the House of Representatives; Statements Subject to Public Inspection.

SEC. 19. That for the purposes of this Act the sum of $150,000,000 is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, to be available during the time this Act is in effect: *Provided,* That no part of this appropriation shall be expended for the purposes described in the preceding section: *Provided further,* That itemized statements covering all purchases and disbursements under this and the preceding section shall be filed with the Secretary of the Senate and the Clerk of the House of Representatives on or before the twenty-fifth day of each month after the taking effect of this Act, covering the business of the preceding month, and said statements shall be subject to public inspection.

Employes Not Exempt from Military Service.

SEC. 20. That the employment of any person under the provisions of this Act shall not exempt any such person from military service under the provisions of the selective draft law approved May eighteenth, nineteen hundred and seventeen.

Detailed Report of All Proceedings Required; What It Shall Contain.

SEC. 21. The President shall cause a detailed report to be made to Congress on the first day of January each year of all proceedings had under this Act during the year preceding. Such report shall, in addition to other matters, contain an account of all persons appointed or employed, the salary or compensation paid or allowed each, the aggregate amount of the different kinds of property purchased or requisitioned, the use and disposition made of such property, and a statement of all receipts, payments, and expenditures, together with a statement showing

the general character, and estimated value of all property then on hand, and the aggregate amount and character of all claims against the United States growing out of this Act.

Partial Invalidity of the Act Not to Affect Other Portions.

SEC. 22. That if any clause, sentence, paragraph, or part of this Act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof, directly involved in the controversy in which such judgment shall have been rendered.

Definitions.

SEC. 23. That words used in this Act shall be construed to import the plural or the singular, as the case demands. The word "person," wherever used in this Act, shall include individuals, partnerships, associations, and corporations. When construing and enforcing the provisions of this Act, the act, omission, or failure of any official, agent, or other person acting for or employed by any partnership, association, or corporation within the scope of his employment or office shall, in every case, also be deemed the act, omission, or failure of such partnership, association, or corporation as well as that of the person.

Duration of the Law.

SEC. 24. That the provisions of this Act shall cease to be in effect when the existing state of war between the United States and Germany shall have terminated, and the fact and date of such termination shall be ascertained and proclaimed by the President; but the termination of this Act shall not affect any act done, or any right or obligation accruing or accrued, or any suit or proceeding had or commenced in any civil case before the said termination pursuant to this Act; but all rights and liabilities under this Act arising before its termination shall continue and may be enforced in the same manner as if the Act had not terminated. Any offense committed and all penalties, forfeitures, or liabilities incurred prior to such termination may be prosecuted or punished in the same manner and with the same effect as if this Act had not been terminated.

President Authorized to Fix Price of Coal and Coke; Establish Rules for the Regulation of Production, Sale, Shipment, Distribution, Storage, etc., Among Dealers and Consumers Through the Agency, Federal Trade Commission; Authorized to Requisition Plant and Operate the Same; Compensation to Be Paid Therefor Fixed by Federal Trade Commission;

Basis for Determination of Price; Regulations and Authorized Employment, Control and Compensation of Employes; Purchase by Government of Coal and Coke; Rule and Regulations Thereunder. Notice to Owners of Purchase by United States; Prices for Coal and Coke to Be Purchased by United States; Determination of Value; Disposition of Funds. Federal Trade Commission Directed to Make Inquiry Into Cost of Production of Coal and Coke; Books, Records, etc., to Be Produced; Authority to Fix Maximum Prices for Coal and Coke; How Determined; Shall Not Affect Prior Bona Fide Contracts; Punishment; Power of Government to Purchase, Requisition, etc., Commodities at Price to Be Agreed Upon Not Affected.

SEC. 25. That the President of the United States shall be, and he is hereby, authorized and empowered, whenever and wherever in his judgment necessary for the efficient prosecution of the war, to fix the price of coal and coke, wherever and whenever sold, either by producer or dealer, to establish rules for the regulation of and to regulate the method of production, sale, shipment, distribution, apportionment, or storage thereof among dealers and consumers, domestic or foreign; said authority and power may be exercised by him in each case through the agency of the Federal Trade Commission during the war or for such part of said time as in his judgment may be necessary.

That if, in the opinion of the President, any such producer or dealer fails or neglects to conform to such prices or regulations, or to conduct his business efficiently under the regulations and control of the President as aforesaid, or conducts it in a manner prejudicial to the public interest, then the President is hereby authorized and empowered in every such case to requisition and take over the plant, business, and all appurtenances thereof belonging to such producer or dealer as a going concern, and to operate or cause the same to be operated in such manner and through such agency as he may direct during the period of the war or for such part of said time as in his judgment may be necessary.

That any producer or dealer whose plant, business, and appurtenances shall have been requisitioned or taken over by the President shall be paid a just compensation for the use thereof during the period that the same may be requisitioned or taken over as aforesaid, which compensation the President shall fix or cause to be fixed by the Federal Trade Commission.

That if the prices so fixed, or if, in the case of the taking over or requisitioning of the mines or business of any such producer or dealer the compensation therefor as determined by the provisions of this Act be not satisfactory to the person or persons entitled to receive the same, such person shall be paid seventy-five per centum of the amount so determined, and shall be entitled to sue the United States to recover such further sum as, added to said seventy-five per centum, will make up such amount

as will be just compensation in the manner provided by section twenty-four, paragraph twenty, and section one hundred and forty-five of the Judicial Code.

While operating or causing to be operated any such plants or business, the President is authorized to prescribe such regulations as he may deem essential for the employment, control, and compensation of employees necessary to conduct the same.

Or if the President of the United States shall be of the opinion that he can thereby better provide for the common defense, and whenever, in his judgment, it shall be necessary for the efficient prosecution of the war, then he is hereby authorized and empowered to require any or all producers of coal and coke, either in any special area or in any special coal fields, or in the entire United States, to sell their products only to the United States through an agency to be designated by the President, such agency to regulate the resale of such coal and coke, and the prices thereof, and to establish rules for the regulation of and to regulate the methods of production, shipment, distribution, apportionment, or storage thereof among dealers and consumers, domestic or foreign, and to make payment of the purchase price thereof to the producers thereof, or to the person or persons legally entitled to said payment.

That within fifteen days after notice from the agency so designated to any producer of coal and coke that his, or its, output is to be so purchased by the United States as hereinbefore described, such producer shall cease shipments of said product upon his own account and shall transmit to such agency all orders received and unfilled or partially unfilled, showing the exact extent to which shipments have been made thereon, and thereafter all shipments shall be made only on authority of the agency designated by the President, and thereafter no such producer shall sell any of said products except to the United States through such agency, and the said agency alone is hereby authorized and empowered to purchase during the continuance of the requirement the output of such producers.

That the prices to be paid for such products so purchased shall be based upon a fair and just profit over and above the cost of production, including proper maintenance and depletion charges, the reasonableness of such profits and cost of production to be determined by the Federal Trade Commission, and if the prices fixed by the said commission of any such product purchased by the United States as hereinbefore described be unsatisfactory to the person or persons entitled to the same, such person or persons shall be paid seventy-five per centum of the amount so determined, and shall be entitled to sue the United States to recover such further sum as, added to said seventy-five per

centum, will make up such amount as will be just compensation in the manner provided by section twenty-four, paragraph twenty, and section one hundred and forty-five of the Judicial Code.

All such products so sold to the United States shall be sold by the United States at such uniform prices, quality considered, as may be practicable and as may be determined by said agency to be just and fair.

Any moneys received by the United States for the sale of any such coal and coke may, in the discretion of the President, be used as a revolving fund for further carrying out the purposes of this section. Any moneys not so used shall be covered into the Treasury as miscellaneous receipts.

That when directed by the President, the Federal Trade Commission is hereby required to proceed to make full inquiry, giving such notice as it may deem practicable, into the cost of producing under reasonably efficient management at the various places of production the following commodities, to wit, coal and coke.

The books, correspondence, records and papers in any way referring to transactions of any kind relating to the mining, production, sale, or distribution of all mine operators or other persons whose coal and coke have or may become subject to this section, and the books, correspondence, records, and papers of any person applying for the purchase of coal and coke from the United States shall at all times be subject to inspection by the said agency, and such person or persons shall promptly furnish said agency any data or information relating to the business of such person or persons which said agency may call for, and said agency is hereby authorized to procure the information in reference to the business of such coal-mine operators and producers of coke and customers therefor in the manner provided for in sections six and nine of the Act of Congress approved September twenty-sixth, nineteen hundred and fourteen, entitled "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," and said agency is hereby authorized and empowered to exercise all the powers granted to the Federal Trade Commission by said Act for the carrying out of the purposes of this section.

Having completed its inquiry respecting any commodity in any locality, it shall, if the President has decided to fix the prices at which any such commodity shall be sold by producers and dealers generally, fix and publish maximum prices for both producers of and dealers in any such commodity, which maximum prices shall be observed by all producers and dealers until further action thereon is taken by the commission.

In fixing maximum prices for producers the commission shall allow the cost of production, including the expense of operation, maintenance, depreciation, and depletion, and shall add thereto a just and reasonable profit.

In fixing such prices for dealers, the commission shall allow the cost to the dealer and shall add thereto a just and reasonable sum for his profit in the transaction.

The maximum prices so fixed and published shall not be construed as invalidating any contract in which prices are fixed, made in good faith, prior to the establishment and publication of maximum prices by the commission.

Whoever shall, with knowledge that the prices of any such commodity have been fixed as herein provided, ask, demand, or receive a higher price, or whoever shall, with knowledge that the regulations have been prescribed as herein provided, violate or refuse to conform to any of the same, shall, upon conviction, be punished by a fine of not more than $5,000, or by imprisonment for not more than two years, or both. Each independent transaction shall constitute a separate offense.

Nothing in this section shall be construed as restricting or modifying in any manner the right the Government of the United States may have in its own behalf or in behalf of any other Government at war with Germany to purchase, requisition, or take over any such commodities for the equipment, maintenance, or support of armed forces at any price or upon any terms that may be agreed upon or otherwise lawfully determined.

Storing, Destroying, Making Away With for the Purpose of Limiting the Supply of Necessaries by Persons Engaged in Interstate Commerce, Prohibited; Persons Excepted, Quantities Excepted. Sherman Anti-Trust Act Not Repealed.

SEC. 26. That any person carrying on or employed in commerce among the several States, or with foreign nations, or with or in the Territories or other possessions of the United States in any article suitable for human food, fuel, or other necessaries of life, who, either in his individual capacity or as an officer, agent, or employee of a corporation or member of a partnership carrying on or employed in such trade, shall store, acquire or hold, or who shall destroy or make away with any such article for the purpose of limiting the supply thereof to the public or affecting the market price thereof in such commerce, whether temporarily or otherwise, shall be deemed guilty of a felony and, upon conviction thereof, shall be punished by a fine of not more than $5,000 or by imprisonment for not more than two years, or both: *Provided,* That any storing or holding by any farmer, gardener, or other person of the products of any farm, garden, or other land cultivated by him shall not be deemed to be a storing or

holding within the meaning of this Act: *Provided further,* That farmers and fruit growers, co-operative and other exchanges, or societies of a similar character shall not be included within the provisions of this section: *Provided further,* That this section shall not be construed to prohibit the holding or accumulating of any such article by any such person in a quantity not in excess of the reasonable requirements of his business for a reasonable time or in a quantity reasonably required to furnish said articles produced in surplus quantities seasonally throughout the period of scant or no production. Nothing contained in this section shall be construed to repeal the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," approved July second, eighteen hundred and ninety, commonly known as the Sherman Antitrust Act.

President Authorized to Procure Nitrate of Soda for Increasing Agricultural Production and Dispose of Same; Appropriation Therefor; Regulations and Agencies; Disposition of Proceeds of Sales.

SEC. 27. That the President is authorized to procure, or aid in procuring, such stocks of nitrate of soda as he may determine to be necessary, and find available, for increasing agricultural production during the calendar years nineteen hundred and seventeen and eighteen, and to dispose of the same for cash at cost, including all expenses connected therewith. For carrying out the purposes of this section, there is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, available immediately and until expended, the sum of $10,000,000, or so much thereof as may be necessary, and the President is authorized to make such regulations, and to use such means and agencies of the Government, as, in his discretion, he may deem best. The proceeds arising from the disposition of the nitrate of soda shall go into the Treasury as miscellaneous receipts.

PROCLAMATIONS

By the President of the United States of America

LICENSE OF WHEAT AND RYE ELEVATORS AND MILLERS

WHEREAS, Under and by virtue of an Act of Congress entitled "An Act to provide further for the national security and defense by encouraging the production, conserving the supply and controlling the distribution of fuel," approved by the President on the 10th day of August, 1917, it is provided among other things as follows:

> "That, by reason of the existence of a state of war, it is essential to the national security and defense, for the successful prosecution of the war, and for the support and maintenance of the Army and Navy, to assure an adequate supply and equitable distribution, and to facilitate the movement, of foods, feeds, fuel, including fuel oil and natural gas, fertilizer and fertilizer ingredients, tools, utensils, implements, machinery, and equipment required for the actual production of foods, feeds, and fuel, hereafter in this Act called necessaries; to prevent, locally or generally, scarcity, monopolization, hoarding, injurious speculation, manipulations, and private controls, affecting such supply, distribution, and movement; and to establish and maintain governmental control of such necessaries during the war. For such purposes the instrumentalities, means, methods, powers, authorities, duties, obligations, and prohibitions hereinafter set forth are created, established, conferred, and prescribed. The President is authorized to make such regulations and to issue such orders as are essential effectively to carry out the provisions of this Act."

AND, WHEREAS, It is further provided in said Act as follows:

> "That, from time to time, whenever the President shall find it essential to license the importation, manufacture, storage, mining, or distribution of any necessaries, in order to carry into effect any of the purposes of this Act, and shall publicly so announce, no person shall, after a date fixed in the announcement, engage in or carry on any such business specified in the announcement of importation, man-

ufacture, storage, mining, or distribution of any necessaries as set forth in such announcement, unless he shall secure and hold a license issued pursuant to this section. The President is authorized to issue such licenses and to prescribe regulations for systems of accounts and auditing of accounts to be kept by licensees, submission of reports by them, with or without oath or affirmation and the entry and inspection by the President's duly authorized agents of the places of business of licensees.''

And, Whereas, It is essential in order to carry into effect the provisions of the said Act, and in order to secure an adequate supply and equitable distribution, and to facilitate the movement of certain necessaries hereafter in this proclamation specified that the license powers conferred upon the President by said Act be at this time exercised, to the extent hereinafter set forth.

Now, therefore, I, Woodrow Wilson, President of the United States of America, by virtue of the powers conferred upon me by said Act of Congress, hereby find and determine and by this proclamation do announce that it is essential in order to carry into effect the purposes of said Act, to license the storage and distribution of wheat and rye and the manufacture, storage, and distribution of all products derived therefrom to the extent hereinafter specified.

All persons, firms, corporations and associations engaged in the business of either storing or distributing wheat or rye, as owners, lessees or operators of warehouses or elevators, and all persons, firms, corporations and associations engaged in the business of manufacturing any products derived from wheat or rye (except those operating mills and manufacturing plants of a daily capacity of one hundred barrels or less, and farmers and co-operative association of farmers) are hereby required to secure on or before September 1st, 1917, a license, which license will be issued under such rules and regulations governing the conduct of the business as may be prescribed.

Applications for licenses must be made to the United States Food Administrator, Washington, D. C., upon forms prepared by him for that purpose.

Any person, firm, corporation or association, other than those hereinbefore excepted, who shall engage in, or carry on the business of either storing or distributing wheat or rye as owners, lessees or operators of warehouses or elevators, or manufacturing any products derived from wheat or rye after September 1st, 1917, without first securing such license, will be liable to the penalties prescribed by said Act of Congress.

Executed by the President, August 14, 1917.

LICENSE OF IMPORTERS, MANUFACTURERS AND REFINERS OF SUGAR, SUGAR SYRUPS AND MOLASSES

WHEREAS, Under and by virtue of an Act of Congress entitled "An Act to provide further for the national security and defense by encouraging the production, conserving the supply and controlling the distribution of food products and fuel," approved by the President on the 10th day of August, 1917, it is provided among other things as follows:

> "That, by reason of the existence of a state of war, it is essential to the national security and defense, for the successful prosecution of the war, and for the support and maintenance of the Army and Navy, to assure an adequate supply and equitable distribution, and to facilitate the movement, of foods, feeds, fuel, including fuel oil and natural gas, fertilizer and fertilizer ingredients, tools, utensils, implements, machinery, and equipment required for the actual production of foods, feeds, and fuel, hereafter in this Act called necessaries; to prevent, locally or generally, scarcity, monopolization, hoarding, injurious speculation, manipulations, and private controls, affecting such supply, distribution, and movement; and to establish and maintain governmental control of such necessaries during the war. For such purposes the instrumentalities, means, methods, powers, authorities, duties, obligations, and prohibitions hereinafter set forth are created, established, conferred, and prescribed. The President is authorized to make such regulations and to issue such orders as are essential effectively to carry out the provisions of this Act."

AND, WHEREAS, It is further provided in said Act as follows:

> "That from time to time, whenever the President shall find it essential to license the importation, manufacture, storage, mining, or distribution, of any necessaries, in order to carry into effect any of the purposes of this Act, and shall publicly so announce, no person shall, after date fixed in the announcement, engage in or carry on any such business specified in the announcement of importation, manufacture, storage, mining, or distribution of any necessaries as set forth in such announcement, unless he shall secure and hold a license issued pursuant to this section. The President is authorized to issue such licenses and to prescribe regulations for the issuance of licenses and requirements for systems of accounts and auditing of accounts to

be kept by licensees, submission of reports by them, with or without oath or affirmation and the entry and inspection by the President's duly authorized agents of the places of business of licensees."

AND, WHEREAS, It is essential in order to carry into effect the provisions of the said Act, and in order to secure an adequate supply and equitable distribution, and to facilitate the movement of certain necessaries hereafter in this proclamation specified that the license powers conferred upon the President by said Act be at this time exercised, to the extent hereinafter set forth.

NOW, THEREFORE, I, WOODROW WILSON, President of the United States of America, by virtue of the powers conferred upon me by said Act of Congress, hereby find and determine and by this proclamation do announce that it is essential in order to carry into effect the purposes of said Act, to license the importation, manufacture and refining of sugar, sugar syrups and molasses, to the extent hereinafter specified.

All persons, firms, corporations and associations engaged in the business either of importing sugar, or manufacturing sugar from sugar cane or beets, or of refining sugar or of manufacturing sugar syrups or molasses (except those specifically exempted by said Act of Congress), are hereby required to secure on or before October 1, 1917, a license, which license will be issued under such rules and regulations governing the conduct of the business as may be prescribed.

Applications for licenses must be made to the United States Food Administrator, Washington, D. C., upon forms prepared by him for that purpose.

Any person, firm, corporation or association, other than those hereinbefore excepted, who shall engage in or carry on the business either of importing sugar, manufacturing sugar, or refining sugar, or of manufacturing sugar syrups or molasses after October 1, 1917, without first securing such license, will be liable to the penalties prescribed by said Act of Congress.

Executed by the President, September 7, 1917.

LICENSE OF COMMODITIES

WHEREAS, Under and by virtue of an Act of Congress entitled "An Act to provide further for the national security and defense by encouraging the production, conserving the supply and controlling the distribution of food products and fuel," approved by the President on the 10th day of August, 1917, it is provided among other things as follows:

"That, by reason of the existence of a state of war, it is essential to the national security and defense, for the suc-

cessful prosecution of the war, and for the support and maintenance of the Army and Navy, to assure an adequate supply and equitable distribution, and to facilitate the movement of foods, feeds, fuel, including fuel oil and natural gas, and fertilizer and fertilizer ingredients, tools, utensils, implements, machinery, and equipment required for the actual production of foods, feeds, and fuel, hereafter in this Act called necessaries; to prevent, locally or generally, scarcity, monopolization, hoarding, injurious speculation, manipulations, and private controls, affecting such supply, distribution, and movement; and to establish and maintain governmental control of such necessaries during the war. For such purposes the instrumentalities, means, methods, powers, authorities, duties, obligations, and prohibitions hereinafter set forth are created, established, conferred and prescribed. The President is authorized to make such regulations and to issue such orders as are essential effectively to carry out the provisions of this Act.''

And, Whereas, It is further provided in said Act as follows:

''That, from time to time, whenever the President shall find it essential to license the importation, manufacture, storage, mining or distribution, of any necessaries, in order to carry into effect any of the purposes of this Act, and shall publicly so announce, no person shall, after a date fixed in the announcement, engage in or carry on any such business specified in the announcement of importation, manufacture, storage, mining, or distribution of any necessaries as set forth in such announcement, unless he shall secure and hold a license issued pursuant to this section. The President is authorized to issue such licenses and to prescribe regulations for the issuance of licenses and requirements for systems of accounts and auditing of accounts to be kept by licensees, submission of reports by them, with or without oath or affirmation, and the entry and inspection by the President's duly authorized agents of the places of business of licensees.''

And, Whereas, It is essential in order to carry into effect the provisions of the said Act, that the powers conferred upon the President by said Act be at this time exercised, to the extent hereinafter set forth,

Now, Therefore, I, Woodrow Wilson, President of the United States of America, by virtue of the powers conferred upon me by said Act of Congress, hereby find and determine and by this proclamation do announce that it is essential, in order to carry into effect the purposes of said Act, to license the impor-

tation, manufacture, storage and distribution of necessaries, TO THE EXTENT HEREINAFTER SPECIFIED.

All persons, firms, corporations and associations engaged in the business either of (1) operating cold storage warehouses (a cold storage warehouse, for the purposes of this proclamation, being defined as any place artificially or mechanically cooled to or below a temperature of 45 degrees above zero Fahrenheit, in which food products are placed and held for thirty days or more), (2) operating elevators, warehouses or other places for the storage of corn, oats, barley, beans, rice, cotton seed, cottonseed cake, cottonseed meal or peanut meal, or (3) IMPORTING, MANUFACTURING (including milling, mixing or packing), or DISTRIBUTING (including buying and selling) any of the following commodities:

Wheat, wheat flour, rye or rye flour,
Barley or barley flour,
Oats, oatmeal or rolled oats,
Corn, corn grits, cornmeal, hominy, corn flour, starch from corn, corn oil, corn syrup or glucose,
Rice, rice flour,
Dried beans,
Pea seed or dried peas,
Cotton seed, cottonseed oil, cottonseed cake or cottonseed meal,
Peanut oil or peanut meal,
Soya bean oil, soya bean meal, palm oil or copra oil,
Oleomargarine, lard, lard substitutes, oleo oil or cooking fats,
Milk, butter or cheese,
Condensed, evaporated or powdered milk,
Fresh, canned or cured beef, pork or mutton,
Poultry or eggs,
Fresh or frozen fish,
Fresh fruits or vegetables.
Canned: Peas, dried beans, tomatoes, corn, salmon or sardines.
Dried: Prunes, apples, peaches or raisins.
Sugar, syrups or molasses.

Excepting, however,

(1) Operators of elevators or warehouses handling wheat or rye, and manufacturers of the derivative products of wheat or rye, who have already been licensed,

(2) Importers, manufacturers and refiners of sugar, and manufacturers of sugar syrups and molasses, who have already been licensed,

(3) Retailers whose gross sales of food commodities do not exceed $100,000.00 per annum,

(4) Common carriers,

(5) Farmers, gardeners, co-operative associations of farmers or gardeners, including live stock farmers, and other persons with respect to the products of any farm, garden or other land owned, leased or cultivated by them,

(6) Fishermen whose business does not extend beyond primary consignment,

(7) Those dealing in any of the above commodities on any exchange, board of trade or similar institution as defined by Section 13 of the Act of August 10, 1917, to the extent of their dealings on such exchange or board of trade,

(8) Millers of corn, oats, barley, wheat, rye or rice operating only plants of a daily capacity of less than seventy-five barrels,

(9) Canners of peas, dried beans, corn, tomatoes, salmon or sardines whose gross production does not exceed 5,000 cases per annum,

(10) Persons slaughtering, packing and distributing fresh, canned or cured beef, pork or mutton, whose gross sales of such commodities do not exceed $100,000.00 per annum,

(11) Operators of poultry or egg packing plants, whose gross sales do not exceed $50,000.00 per annum,

(12) Manufacturers of maple syrup, maple sugar and maple compounds,

(13) Ginners, buyers, agents, dealers or other handlers of cotton seed who handle yearly, between September 1st and August 31st, less than one hundred and fifty tons of cotton seed,

are hereby required to secure on or before November 1, 1917, a license, which license will be issued under such rules and regulations governing the conduct of the business as may be prescribed.

Application for license must be made to the United States Food Administration, Washington, D. C., Law Department—License Division, on forms prepared by it for that purpose, which may be secured on request.

Any person, firm, corporation or association other than those hereinbefore excepted, who shall engage in or carry on any business hereinbefore specified after November 1, 1917, without first securing such license will be liable to the penalty prescribed by said Act of Congress.

Executed by the President, October 8, 1917.

NOTE: See Proclamation of May 14, 1918, which includes some businesses exempted herein.

LICENSING BAKERS

WHEREAS, Under and by virtue of an Act of Congress entitled "An Act to provide further for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of food products and fuel," approved by the President on the 10th day of August, 1917, it is provided among other things as follows:

> "That, by reason of the existence of a state of war, it is essential to the national security and defense, for the successful prosecution of the war, and for the support and maintenance of the Army and Navy, to assure an adequate supply and equitable distribution, and to facilitate the movement, of foods, feeds, fuel, including fuel oil and natural gas, and fertilizer and fertilizer ingredients, tools, utensils, implements, machinery, and equipment required for the actual production of foods, feeds, and fuel, hereafter in this Act called necessaries; to prevent, locally or generally, scarcity, monopolization, hoarding, injurious speculation, manipulations, and private controls, affecting such supply, distribution, and movement; and to establish and maintain governmental control of such necessaries during the war. For such purposes the instrumentalities, means, methods, powers, authorities, duties, obligations, and prohibitions hereinafter set forth are created, established, conferred, and prescribed. The President is authorized to make such regulations and to issue such orders as are essential effectively to carry out the provisions of this Act."

AND, WHEREAS, It is further provided in said Act as follows:

> "That, from time to time, whenever the President shall find it essential to license the importation, manufacture, storage, mining, or distribution of any necessaries, in order to carry into effect any of the purposes of this Act, and shall publicly so announce, no person shall, after a date fixed in the announcement, engage in or carry on any such business specified in the announcement of importation, manufacture, storage, mining, or distribution of any necessaries as set forth in such announcement, unless he shall secure and hold a license issued pursuant to this section. The President is authorized to issue such licenses and to prescribe regulations for the issuance of licenses and requirements for systems of accounts and auditing of accounts to be kept by licensees, submission of reports by them, with or without oath or affirmatioin, and the entry and inspection by the President's duly authorized agents of the places of business of licensees."

And Whereas, It is essential, in order to carry into effect the provisions of the said Act, that the powers conferred upon the President by said Act be at this time exercised, to the extent hereinafter set forth.

Now, Therefore, I, Woodrow Wilson, President of the United States of America, by virtue of the powers conferred upon me by said Act of Congress, hereby find and determine and by this proclamation do announce that it is essential, in order to carry into effect the purposes of said Act, to license the manufacture of necessaries, to the extent hereinafter specified.

All persons, firms, corporations and association, who manufacture for sale bread in any form, cake, crackers, biscuits, pastry or other bakery products (excepting, however, those whose consumption of any flour and meal in the manufacture of such products is, in the aggregate, less than ten barrels a month), are hereby required to procure a license on or before December 10, 1917. This includes hotels, restaurants, other public eating places, and clubs, who serve bread or other bakery products of their own baking.

Application for license must be made to the United States Food Administrator, Washington, D. C., Law Department—License Division, on forms prepared by it for that purpose, which may be obtained on request.

Any person, firm, corporation or association, other than those hereinbefore excepted, who shall engage in or carry on any business hereinbefore specified after December 10, 1917, without first procuring such license, will be liable to the penalty prescribed by said Act of Congress.

Executed by the President, November 7, 1917.

LIMITING ALCOHOLIC CONTENT OF MALT LIQUORS

Whereas, Under and by virtue of an Act of Congress entitled "An Act to provide further for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of food products and fuel," approved by the President on August 10, 1917, it is provided in Section 15, among other things, as follows:

> "Whenever the President shall find that limitation, regulation, or prohibition of the use of foods, fruits, food materials or feeds in the production of malt or vinous liquors for beverage purposes, or that reduction of the alcoholic content of any such malt or vinous liquor, is essential, in order to assure an adequate and continuous supply of food, or that the national security and defense will be subserved thereby, he is authorized, from time to time, to prescribe and give

public notice of the extent of the limitation, regulation, prohibition, or reduction so necessitated. Whenever such notice shall have been given and shall remain unrevoked, no person shall, after a reasonable time prescribed in such notice, use any foods, fruits, food materials, or feeds in the production of malt or vinous liquors, or import any such liquors except under license issued by the President and in compliance with rules and regulations determined by him governing the production and importation of such liquors and the alcoholic content thereof'';

NOW, THEREFORE, I, WOODROW WILSON, President of the United States of America, by virtue of the powers conferred on me by said Act of Congress, do hereby find and determine that the national security and defense will be subserved by the limitation of the amount of foods, fruits, food materials and feeds used in the production of malt liquor, and by reduction of the alcoholic content of malt liquor produced in the United States. And by this proclamation I prescribe and give public notice that on and after January 1, 1918, the total amount of foods, fruits, food materials and feeds used by any person in the production of malt liquor shall not exceed seventy per cent (70%) of the average consumption of any such foods, fruits, food materials or feeds in the production of such malt liquor by such person during the period from January 1, 1917, to January 1, 1918, the unit of time to be fixed by regulation; and that on and after January 1, 1918, no malt liquor except ale and porter shall be produced in the United States containing more than two and three-quarters per cent (2.75%) of alcohol by weight.

No person shall, after January 1, 1918, use any foods, fruits, food materials or feeds in the production of malt liquor, unless he secures a license so to do, to be issued by the Commissioner of Internal Revenue, and complies with rules and regulations to be hereafter promulgated governing the production of such liquor and the alcoholic content thereof; and no person shall import any such liquor except under license to be issued by the Division of Customs, Treasury Department, and in compliance with any rules and regulations governing the importation of such liquors which may be promulgated.

Executed by the President, December 8, 1917.

LICENSE OF AMMONIA INDUSTRY

WHEREAS, Under and by virtue of an Act of Congress entitled "An Act to provide further for the national security and defense by encouraging the production, conserving the supply, and con-

trolling the distribution of food products and fuel," approved by the President on the 10th day of August, 1917, it is provided among other things, as follows:

> "That by reason of the existence of a state of war, it is essential to the national security and defense, for the successful prosecution of the war, and for the support and maintenance of the Army and Navy, to assure an adequate supply and equitable distribution, and to facilitate the movement of foods, feeds, fuel, including fuel oil and natural gas, and fertilizer and fertilizer ingredients, tools, utensils, implements, machinery, and equipment required for the actual production of foods, feeds, and fuel, hereafter in this Act called necessaries; to prevent, locally or generally, scarcity, monopolization, hoarding, injurious speculation, manipulations, and private controls, affecting such supply, distribution, and movement; and to establish and maintain governmental control of such necessaries during the war. For such purposes the instrumentalities, means, methods, powers, authorities, duties, obligations, and prohibitions hereinafter set forth are created, established, conferred, and prescribed. The President is authorized to make such regulations and to issue such orders as are essential effectively to carry out the provisions of this Act."

AND, WHEREAS, It is further provided in said Act as follows:

> "That, from time to time, whenever the President shall find it essential to license the importation, manufacture, storage, mining, or distribution of any necessaries, in order to carry into effect any of the purposes of this Act, and shall publicly so announce, no person shall, after a date fixed in the announcement, engage in or carry on any such business specified in the announcement of importation, manufacture, storage, mining, or distribution of any necessaries as set forth in such announcement, unless he shall secure and hold a license issued pursuant to this section. The President is authorized to issue such licenses and to prescribe regulations for the issuance of licenses and requirements for systems of accounts and auditing of accounts to be kept by licensees, submission of reports by them, with or without oath or affirmation, and the entry and inspection by the President's duly authorized agents of the places of business of licensees."

AND WHEREAS, It is essential in order to carry into effect the provisions of the said Act, and in order to secure an adequate supply and equitable distribution, and to facilitate the movement of certain necessaries hereafter in this proclamation specified that

the license powers conferred upon the President by said Act be at this time exercised to the extent hereinafter set forth.

Now, Therefore, I, Woodrow Wilson, President of the United States of America, by virtue of the powers conferred on me by said Act of Congress, hereby find and determine and by this proclamation do announce that it is essential in order to carry into effect the purposes of said Act, to license the importation, manufacture, storage and distribution of the following necessaries: ammonia, ammoniacal liquors, and ammonium sulphate from whatever source produced.

All persons, firms, corporations and associations (except those specifically exempted by said Act of Congress) engaged in the business of importing, manufacturing, storing or distributing ammonia, ammoniacal liquors or ammonium sulphate from whatever source produced, are hereby required to secure a license on or before January 21, 1918, which will be issued under such rules and regulations governing the conduct of the business as may be prescribed.

The Secretary of Agriculture shall supervise, direct and carry into effect the provisions of said Act, and the powers and authority thereby given to the President as far as the same apply to ammonia, ammoniacal liquors and ammonium sulphate from whatever source produced, and to any and all practices, procedure and regulations applicable thereto, authorized or required under the provisions of said Act, and in this behalf he shall do and perform such acts and things as may be authorized or required of him from time to time by direction of the President and under such rules and regulations as may be prescribed by the President from time to time. All departments and agencies of the Government are hereby directed to co-operate with the Secretary of Agriculture in the performance of the duties hereinbefore set forth.

Applications for licenses must be made to the Law Department —License Division, United States Food Administration, Washington, D. C., upon forms prepared for that purpose.

Any person, firm, corporation or association, other than those hereinbefore excepted, who shall engage in the business of importing, manufacturing, storing or distributing ammonia, ammoniacal liquors or ammonium sulphate from whatever source produced after the date aforesaid, without first securing such license, will be liable to the penalties prescribed by said Act of Congress.

Executed by the President, January 3, 1918.

LICENSING THE IMPORTATION, MANUFACTURE, STORAGE, AND DISTRIBUTION OF FEEDS, AND CERTAIN OTHER FOOD COMMODITIES

WHEREAS, Under and by virtue of an Act of Congress entitled "An Act to provide further for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of food products and fuel," approved by the President on the 10th day of August, 1917, it is provided among other things, as follows:

> "That by reason of the existence of a state of war, it is essential to the national security and defense, for the successful prosecution of the war, and for the support and maintenance of the Army and Navy, to assure an adequate supply and equitable distribution, and to facilitate the movement of foods, feeds, fuel, including fuel oil and natural gas, and fertilizer and fertilizer ingredients, tools, utensils, implements, machinery, and equipment required for the actual production of foods, feeds, and fuel, hereafter in this Act called necessaries; to prevent, locally or generally, scarcity, monopolization, hoarding, injurious speculation, manipulations, and private controls, affecting such supply, distribution, and movement; and to establish and maintain governmental control of such necessaries during the war. For such purposes the instrumentalities, means, methods, powers, authorities, duties, obligations, and prohibitions hereinafter set forth are created, established, conferred, and prescribed. The President is authorized to make such regulations and to issue such orders as are essential effectively to carry out the provisions of this Act."

AND, WHEREAS, It is further provided in said Act as follows:

> "That, from time to time, whenever the President shall find it essential to license the importation, manufacture, storage, mining, or distribution of any necessaries, in order to carry into effect any of the purposes of this Act, and shall publicly so announce, no person shall, after a date fixed in the announcement, engage in or carry on any such business specified in the announcement of importation, manufacture, storage, mining, or distribution of any necessaries as set forth in such announcement, unless he shall secure and hold a license issued pursuant to this section. The President is authorized to issue such licenses and to prescribe regulations for the issuance of licenses and requirements for systems of accounts and auditing of accounts to be kept by

licensees, submission of reports by them, with or without oath or affirmation, and the entry and inspection by the President's duly authorized agents of the places of business of licensees.''

And Whereas, It is essential in order to carry into effect the provisions of the said Act, that the powers conferred upon the President by said Act be at this time exercised, to the extent hereinafter set forth.

Now, Therefore, I, Woodrow Wilson, President of the United States of America, by virtue of the powers conferred upon me by said Act of Congress, hereby find and determine and by this proclamation do announce that it is essential, in order to carry into effect the purposes of said Act, to license the importation, manufacture, storage, and distribution of feeds, and certain other food commodities, to the extent hereinafter specified.

(1) All persons, firms, corporations and associations engaged in the business of

(a) Importing, manufacturing (including mixing and processing of all kinds), storing or distributing any commercial mixed feeds (including dairy feeds, horse and mule feeds, stock feeds, hog feeds, and poultry feeds);

(b) Manufacturing feeds from any of the following commodities or importing, storing or distributing any of the following commodities as feeds or feed ingredients:

buckwheat
kaffir
milo
feterita
broom corn
cane seed
spelt
emmer
millet
sunflower seed
grain and seed screenings
lentils
linseed oil cake
linseed oil meal
beans
peas
dried brewers' grains
dried distillers' grains
dried yeast grains
malt sprouts
baled hay
baled alfalfa
baled straw
animal or fish products or by-products
tankage;

(c) Importing, manufacturing, storing or distributing as feed any products or by-products of any of the following commodities except products or by-products whose importation, manufacture, storage or distribu-

tion is already covered by a license held by any such person, firm, corporation or association:

shelled corn	velvet beans
ear corn	peas
oats	peanuts
barley	copra
wheat	palm nut
rye	palm kernel
buckwheat	sugar beets
sorghum grains	sugar cane
rice	hay
grain and seed screenings	alfalfa
soya beans	straw;

(2) All persons, firms, corporations and associations engaged in the business of malting barley, or other grains, or in the business of storing or distributing malt, except brewers of malt liquor who do not malt their own grain;

(3) All persons, firms, corporations and associations engaged in the business of importing, manufacturing or distributing copra, palm kernels, palm kernel oil, and peanuts;

(4) All salt water fishermen not already licensed by the United States Food Administration, whether fishing independently or on shares, engaged at any period of the year, in the commercial distribution, including catching and selling, of any or all varieties of salt water fish, including menhaden and of shellfish and crustaceans;

(5) All persons, firms, corporations and associations engaged in the business of canning peas, dried beans, corn, tomatoes, salmon or sardines not already licened, whose gross production is more than five hundred (500) cases per annum, except home canners and bona fide boys' and girls' canning clubs recognized by the Departments of Agriculture of the several States in the United States;

(6) All persons, firms, corporations and associations not already licensed, engaged in the business of manufacturing tomato soup, tomato catsup, or other tomato products;

(7) All persons, firms, corporations and associations engaged in the business of manufacturing alimentary paste;

(8) All persons, firms, corporations and associations, not already licensed, engaged in the business of manufacturing any products derived from wheat or rye; Excepting, however,

(1) Retailers whose gross sales of food commodities do not exceed One Hundred Thousand Dollars ($100,000) per annum;

(2) Common carriers as to operations necessary to the business of common carriage;

(3) Farmers, gardeners, co-operative associations of farmers or gardeners, including live stock farmers, and other persons with respect to the products of any farm, garden or other land owned, leased or cultivated by them;

Are hereby required to secure on or before February 15, 1918, a license, which license will be issued under such rules and regulations governing the conduct of the business as may be prescribed.

All persons hereby made subject to license must apply, specifying the kind of license desired, to the United States Food Administration, License Division, Washington, D. C., on forms prepared by it for that purpose which may be secured on request.

Any person, firm, corporation or association other than those hereinbefore excepted, who shall engage in or carry on any business hereinbefore specified after February 15, 1918, without first securing such license, will be liable to the penalty prescribed by said Act of Congress.

Executed by the President, January 10, 1918.

LICENSING BAKERS AND IMPORTERS OR DISTRIBUTORS OF GREEN COFFEE

WHEREAS, Under and by virtue of an Act of Congress entitled "An Act to provide further for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of food products and fuel," approved by the President on the 10th day of August, 1917, it is provided among other things, as follows:

"That by reason of the existence of a state of war, it is essential to the national security and defense, for the successful prosecution of the war, and for the support and maintenance of the Army and Navy, to assure an adequate supply and equitable distribution, and to facilitate the movement of foods, feeds, fuel, including fuel oil and natural gas, and fertilizer and fertilizer ingredients, tools, utensils, implements, machinery, and equipment required for the actual production of foods, feeds, and fuel, hereafter in this Act called necessaries; to prevent, locally or generally, scarcity, monopolization, hoarding, injurious speculation, manipulations, and private controls, affecting such supply,

distribution, and movement; and to establish and maintain governmental control of such necessaries during the war. For such purposes the instrumentalities, means, methods, powers, authorities, duties, obligations, and prohibitions hereinafter set forth are created, established, conferred, and prescribed. The President is authorized to make such regulations and to issue such orders as are essential effectively to carry out the provisions of this Act."

AND, WHEREAS, It is further provided in said Act as follows:

"That, from time to time, whenever the President shall find it essential to license the importation, manufacture, storage, mining, or distribution of any necessaries, in order to carry into effect any of the purposes of this Act, and shall publicly so announce, no person shall, after a date fixed in the announcement, engage in or carry on any such business specified in the announcement of importation, manufacture, storage, mining, or distribution of any necessaries as set forth in such announcement, unless he shall secure and hold a license issued pursuant to this section. The President is authorized to issue such licenses and to prescribe regulations for the issuance of licenses and requirements for systems of accounts and auditing of accounts to be kept by licensees, submission of reports by them, with or without oath or affirmation, and the entry and inspection by the President's duly authorized agents of the places of business of licensees."

AND WHEREAS, It is essential in order to carry into effect the provisions of the said Act, that the powers conferred upon the President by said Act be at this time exercised, to the extent hereinafter set forth.

NOW, THEREFORE, I, WOODROW WILSON, President of the United States of America, by virtue of the powers conferred upon me by said Act of Congress, hereby find and determine and by this proclamation do announce that it is essential, in order to carry into effect the purpose of said Act, to license the importation, manufacture, and distribution of necessaries, to the extent hereinafter specified.

All persons, firms, corporations, and associations, who manufacture for sale bread in any form, cake, crackers, biscuits, pastry or other bakery products (excepting, however, those already licensed and those whose consumption of any flour and meal in the manufacture of such products is, in the aggregate, less than three barrels a month), are hereby required to procure a license on or before February 4, 1918. This includes hotels, restaurants, other public eating places, and clubs, which serve bread or other bakery products of their own baking.

All persons, firms, corporations, and associations engaged in the business of importing or distributing green coffee are hereby required to procure a license on or before February 4, 1918.

Application for license must be made to the United States Food Administration, Washington, D. C., License Division, on forms prepared by it for that purpose, which may be obtained on request.

Any person, firm, corporation, or association, other than those hereinbefore excepted, who shall engage in or carry on any business hereinbefore specified after February 4, 1918, without first procuring such license, will be liable to the penalty prescribed by said Act of Congress.

Executed by the President, January 30, 1918.

FIXING GUARANTEED PRICES FOR WHEAT

WHEREAS, Under and by virtue of an Act of Congress entitled "An Act to provide further for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of food products and fuel," approved by the President on the 10th day of August, One Thousand Nine Hundred and Seventeen, it is provided among other things, as follows:

> "SEC. 14. That whenever the President shall find that an emergency exists requiring stimulation of the production of wheat and that it is essential that the producers of wheat, produced within the United States, shall have the benefits of the guaranty provided for in this section, he is authorized, from time to time, seasonably and as far in advance of seeding time as practicable, to determine and fix and to give public notice of what, under specified conditions, is a reasonable guaranteed price for wheat, in order to assure such producers a reasonable profit. The President shall thereupon fix such guaranteed price for each of the official grain standards for wheat as established under the United States Grain Standards Act approved August eleventh, nineteen hundred and sixteen. The President shall from time to time establish and promulgate such regulations as he shall deem wise in connection with such guaranteed prices, and in particular governing conditions of delivery and payment, and differences in price for the several standard grades in the principal primary markets of the United States, adopting number one northern spring or its equivalent at the principal interior primary markets as the basis. Thereupon, the Government of the United States hereby guarantees every producer of wheat produced within the United States that, upon

compliance by him with the regulations prescribed, he shall receive for any wheat produced in reliance upon this guarantee within the period, not exceeding eighteen months, prescribed in the notice, a price not less than the guaranteed price therefor, as fixed pursuant to this section. In such regulations the President shall prescribe the terms and conditions upon which any such producer shall be entitled to the benefits of such guaranty. The guaranteed prices for the several standard grades of wheat for the crop of nineteen hundred and eighteen shall be based upon number one northern spring or its equivalent at not less than $2 per bushel at the principal interior primary markets. This guaranty shall not be dependent upon the action of the President under the first part of this section, but it is hereby made absolute and shall be binding until May first, nineteen hundred and nineteen."

NOW, THEREFORE, I, WOODROW WILSON, President of the United States, by virtue of the powers conferred upon me by said Act of Congress, and especially by section 14 thereof, do hereby find that an emergency exists requiring stimulation of the production of wheat, and that it is essential that the producers of wheat produced within the United States shall have the benefits of the guarantee provided for in said section; and, in order to make effective the guarantee by Congress for the crop of nineteen hundred and eighteen and to assure such producers a reasonable profit, I do hereby determine and fix, and give public notice of reasonable guaranteed prices for No. 1 Northern Spring wheat and its equivalents at the respective principal primary markets as follows, to wit:

Chicago, Illinois, Two Dollars and Twenty Cents ($2.20) per bushel;

Omaha, Nebraska, Two Dollars and Fifteen Cents ($2.15) per bushel;

Kansas City, Missouri, Two Dollars and Fifteen Cents ($2.15) per bushel;

St. Louis, Missouri, Two Dollars and Eighteen Cents ($2.18) per bushel;

Minneapolis, Minnesota, Two Dollars and Seventeen Cents ($2.17) per bushel;

Duluth, Minnesota, Two Dollars and Seventeen Cents ($2.17) per bushel;

New York, New York, Two Dollars and Twenty-eight Cents ($2.28) per bushel;

Philadelphia, Pennsylvania, Two Dollars and Twenty-seven Cents ($2.27) per bushel;

Baltimore, Maryland, Two Dollars and Twenty-seven Cents ($2.27) per bushel;
Newport News, Virginia, Two Dollars and Twenty-seven Cents ($2.27) per bushel;
Charleston, South Carolina, Two Dollars and Twenty-seven Cents ($2.27) per bushel;
Savannah, Georgia, Two Dollars and Twenty-seven Cents ($2.27) per bushel;
Portland, Oregon, Two Dollars and Five Cents ($2.05) per bushel;
Seattle, Washington, Two Dollars and Five Cents ($2.05) per bushel;
San Francisco, California, Two Dollars and Ten Cents ($2.10) per bushel.
Los Angeles, California, Two Dollars and Ten Cents ($2.10) per bushel;
Galveston, Texas, Two Dollars and Twenty Cents ($2.20) per bushel;
New Orleans, Louisiana, Two Dollars and Twenty Cents ($2.20) per bushel;
Salt Lake City, Utah, Two Dollars ($2.00) per bushel;
Great Falls, Montana, Two Dollars ($2.00) per bushel;
Spokane, Washington, Two Dollars ($2.00) per bushel;
Pocatello, Idaho, Two Dollars ($2.00) per bushel;
Fort Worth, Texas, Two Dollars and Nine Cents ($2.09) per bushel;
Oklahoma City, Oklahoma, Two Dollars and Five Cents ($2.05) per bushel;
Wichita, Kansas, Two Dollars and Eight Cents ($2.08) per bushel,

and that the guaranteed price for the other grades established under the United States Grain Standards Act approved August 11, 1916, based on said price for No. 1 Northern Spring wheat at the respective principal primary markets of the United States above mentioned, will assure the producers of wheat produced within the United States a reasonable profit; the guaranteed prices in the principal primary markets above mentioned being fixed by adopting No. 1 Northern Spring wheat or its equivalent at the principal interior markets, as the basis.

For the purposes of such guaranty only, I hereby fix the guaranteed prices at the respective principal primary markets above mentioned for the following grades of wheat, to wit: No. 1 Northern Spring, No. 1 Hard Winter, No. 1 Red Winter, No. 1 Durum, No. 1 Hard White. The guaranteed prices at the respective principal primary markets aforesaid of all other grades of wheat established under the United States Grain

Standards Act approved August 11, 1916, shall be based on the above guaranteed prices and bear just relation thereto.

The sums thus determined and fixed are guaranteed by the Government of the United States at the respective principal primary markets of the United States above mentioned, to every producer of wheat of any grade so established under the United States Grain Standards Act, upon the condition that said wheat is harvested in the United States during the year 1918, and offered for sale before the first day of June, 1919, to such agent or employee of the United States, or other person as may be hereafter designated, at any one of the above-mentioned cities, which are, for the purposes of this Act, hereby declared to be the principal primary markets of the United States, and provided that such produce complies with all regulations which may be hereafter promulgated in regard to said guaranty by the President of the United States.

Executed by the President, February 21, 1918.

LICENSING PACKERS OF CANNED TUNA AND OTHERS

WHEREAS, Under and by virtue of an Act of Congress entitled "An Act to provide further for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of food products and fuel," approved by the President on the 10th day of August, 1917, it is provided among other things as follows:

> "That by reason of the existence of a state of war, it is essential to the national security and defense, for the successful prosecution of the war, and for the support and maintenance of the Army and Navy, to assure an adequate supply and equitable distribution, and to facilitate the movement of foods, feeds, fuel, including fuel oil and natural gas, and fertilizer and fertilizer ingredients, tools, utensils, implements, machinery, and equipment required for the actual production of foods, feeds, and fuel, hereafter in this Act called necessaries; to prevent, locally or generally, scarcity, monopolization, hoarding, injurious speculation, manipulations, and private controls, affecting such supply, distribution, and movement; and to establish and maintain governmental control of such necessaries during the war. For such purposes the instrumentalities, means, methods, powers, authorities, duties, obligations, and prohibitions hereinafter set forth are created, established, conferred, and prescribed. The President is authorized to make such regu-

lations and to issue such orders as are essential effectively to carry out the provisions of this Act."

AND, WHEREAS, It is further provided in said Act as follows:

"That, from time to time, whenever the President shall find it essential to license the importation, manufacture, storage, mining, or distribution of any necessaries, in order to carry into effect any of the purposes of this Act, and shall publicly so announce, no person shall, after a date fixed in the announcement, engage in or carry on any such business specified in the announcement of importation, manufacture, storage, mining, or distribution of any necessaries as set forth in such announcement, unless he shall secure and hold a license issued pursuant to this section. The President is authorized to issue such licenses and to prescribe regulations for the issuance of licenses and requirements for systems of accounts and auditing of accounts to be kept by licensees, submission of reports by them, with or without oath or affirmation, and the entry and inspection by the President's duly authorized agents of the places of business of licensees."

AND WHEREAS, It is essential in order to carry into effect the provisions of the said Act, that the powers conferred upon the President by said Act be at this time exercised, to the extent hereinafter set forth.

NOW, THEREFORE, I, WOODROW WILSON, President of the United States of America, by virtue of the powers conferred upon me by said Act of Congress, hereby find and determine and by this proclamation do announce that it is essential, in order to carry into effect the purposes of said Act, to license the importation, manufacture, storage and distribution of necessaries, *to the extent hereinafter specified.*

All persons, firms, corporation and associations engaged in business as:

(1) Packers of canned tuna;

(2) Packers of mild cured, hard cured, salted, dried, smoked, pickled or otherwise preserved salmon;

(3) Operators of poultry and egg packing plants not already licensed by the United States Food Administration;

(4) Ginners, buyers, agents, dealers or other handlers of cotton seed not already licensed by the United States Food Administration who handle yearly between September 1 and August 31 more than twenty (20) tons of cotton seed.

(5) Importers, manufacturers or distributors of cottonseed hulls, and owners of elevators, warehouses or other places for the storage of cottonseed hulls.

(6) Manufacturers of fermented beverages containing less than one-half of one per cent of alcohol.

Excepting, however,

(1) Retailers whose gross sales of food commodities do not exceed One Hundred Thousand Dollars ($100,000) per annum;

(2) Common carriers as to operations necessary to the business of common carriage;

(3) Farmers, gardeners, co-operative associations of farmers or gardeners, including live stock farmers, and other persons with respect to the products of any farm, garden or other land owned, leased or cultivated by them.

Are hereby required to secure on or before June 1, 1918, license, which license will be issued under such rules and regulations governing the conduct of the business as may be prescribed.

Application for license must be made to the United States Food Administration, Washington, D. C., License Division, on forms prepared by it for that purpose, which may be secured on request.

Any person, firm, corporation or association who shall carry on any business hereinbefore specified after June 1, 1918, without first securing such license, will be liable to the penalty prescribed by said Act of Congress.

Executed by the President, May 14, 1918.

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